

Government that Works!

NEW JERSEY DEPARTMENT OF THE TREASURY

LOCAL GOVERNMENT BUDGET REVIEW

BOROUGH OF SHIP BOTTOM

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SEPTEMBER, 2001



GOVERNMENT THAT WORKS

OPPORTUNITIES FOR CHANGE

The Report of the Borough of Ship Bottom

New Jerseyans deserve the best government their tax dollars can provide. Efficiency in government and a common sense approach to the way government does business, both at the state and at the local level, are important to Acting Governor Donald T. DiFrancesco. It means taxpayers should get a dollar's worth of service for every dollar they send to government, whether it goes to Trenton, their local town hall or school board. Government on all levels must stop thinking that money is the solution to their problems and start examining how they spend the money they now have. It is time for government to do something different.

Of major concern is the rising cost of local government. There is no doubt that local government costs and the property taxes that pay for them have been rising steadily over the past decade. The Local Government Budget Review (LGBR) program was created in 1994 by former Governor Whitman, marking the first time the state worked as closely with towns to examine what is behind those costs. The Local Government Budget Review (LGBR) program's mission is simple: to help local governments and school boards find savings and efficiencies without compromising the delivery of services to the public.

The LGBR program utilizes an innovative approach combining the expertise of professionals, primarily from the Departments of Treasury, Community Affairs and Education, with team leaders who are experienced local government managers. In effect, it gives local governments a comprehensive management review and consulting service provided by the state at no cost to them. To find those "cost drivers" in local government, teams review all aspects of local government operation, looking for ways to improve efficiency and reduce costs.

In addition, teams also document those state regulations and mandates which place burdens on local governments without value-added benefits and suggest, on behalf of local officials, which ones should be modified or eliminated. Teams also look for "best practices" and innovative ideas that deserve recognition and that other communities may want to emulate.

Based upon the dramatic success of the program and the number of requests for review services, in July, 1997, the program was expanded, tripling the number of teams in an effort to reach more

communities and school districts. The ultimate goal is to provide assistance to local government that results in meaningful property tax relief to the citizens of New Jersey.

THE REVIEW PROCESS

In order for a town, county or school district to participate in the Local Government Budget Review program, a majority of the elected officials must request the help of the review team through a resolution. There is a practical reason for this: to participate, the governing body must agree to make all personnel and records available to the review team, and agree to an open public presentation and discussion of the review team's findings and recommendations.

As part of each review, team members interview each elected official, as well as, employees, appointees, members of the public, contractors and any other appropriate individuals. The review teams examine current collective bargaining agreements, audit reports, public offering statements, annual financial statements, the municipal code and independent reports and recommendations previously developed for the governmental entities, and other relative information. The review team physically visits and observes the work procedures and operations throughout the governmental entity to observe employees in the performance of their duties.

In general, the review team received full cooperation and assistance of all employees and elected officials. That cooperation and assistance was testament to the willingness, on the part of most, to embrace recommendations for change. Those officials and employees who remain skeptical of the need for change or improvement will present a significant challenge for those committed to embracing the recommendations outlined in this report.

Where possible, the potential financial impact of an issue or recommendation is provided in this report. The recommendations do not all have a direct or immediate impact on the budget or the tax rate. In particular, the productivity enhancement values identified in this report do not necessarily reflect actual cash dollars to the municipality, but do represent the cost of the entity's current operations and an opportunity to define the value of improving upon such operations. The estimates have been developed in an effort to provide the entity an indication of the potential magnitude of each issue and the savings, productivity enhancement, or cost to the community. We recognize that all of these recommendations cannot be accomplished immediately and that some of the savings will occur only in the first year. Many of these suggestions will require negotiations through the collective bargaining process. We believe, however, that these estimates are conservative and achievable.

**LOCAL GOVERNMENT BUDGET REVIEW
EXECUTIVE SUMMARY
BOROUGH OF SHIP BOTTOM**

Council

The team recommends that the governing body waive health benefits, saving \$44,820.

Administration

The borough should consider implementing a bi-weekly payroll, saving \$2,600.

Health Benefits

The team recommends that the borough switch to the State Health Benefits Plan (SHBP), potentially saving \$49,175. The team also recommends that the borough implement a 20% co-pay for other-than-single coverage, potentially saving \$54,000.

Technology

The borough should consider replacing the eight cellular phones with bi-directional communication devices, saving \$2,000 after the one-time purchase of communication equipment.

Cash Management

By negotiating a higher interest rate from its secondary and tertiary banks, the borough could yield a revenue enhancement of \$7,979.

The team recommends that the borough reduce its surplus to approximately 15% of its total revenue, yielding a one-time revenue enhancement of \$225,000.

Purchasing

The team recommends that the borough utilize the state's cost-per-copy contract, saving \$2,520. The team also recommends that the borough renegotiate maintenance contracts from \$.015 to \$.01 for an additional savings of \$547.

Court

The team recommends that the borough remodel the lunchroom to provide complete privacy for attorney/client conferences, at a one-time expense of \$1,000.

The borough should consider surveying nearby boroughs to determine if another similar size court can be found that is willing to share a court clerk on a half time basis, saving \$9,000.

Police

The team recommends that the borough eliminate one sergeant position and add one lieutenant and corporal position, at an expense of \$10,000.

The team recommends that the borough erect walls with an observation window to enclose the holding bench area, fully enclose the evidence area with chain-link fencing, and purchase a proper weapons cabinet, at a one-time expense of \$4,500.

The team also recommends that the borough install video and panic alarm surveillance system with monitoring by the Surf City dispatching office for a one-time expense of \$2,000, with a recurring expense of \$1,200 for annual monitoring costs.

By replacing the patrol fleet with smaller vehicles, the borough could yield a cost avoidance of \$12,000.

The borough should consider a hybrid department with Long Beach Township for police coverage from 3:30 a.m. to 8:30 a.m., eliminating four full-time positions, two part-time officers, and equipment, saving \$151,000.

The team recommends that the court develop a fee schedule and procedure for collecting bail in routine arrests, for a productivity enhancement of \$4,500.

The borough should consider adopting a storage ordinance for impounded and towed vehicles stored at the DPW facility, for a revenue enhancement of \$14,800.

By effectively implementing its alarm ordinance, the borough could yield a revenue enhancement of \$8,750.

Department of Public Works

The team recommends that the borough purchase and utilize a computerized work order/time tracking system, at a one-time expense of \$1,500.

The team recommends that the borough sub-divide the western section of the DPW yard, creating four residential building lots. The borough should then consider selling those lots for a one-time revenue enhancement of \$366,324 and an annual revenue enhancement of \$3,714 in local purpose tax revenue.

The borough should consider obtaining the services of a private contractor to sweep the borough streets, saving \$885. The borough should also consider contracting road patching to a private contractor, yielding a one-time revenue enhancement of \$20,000 from the sale of equipment, and an annual savings of \$2,281 for insurance and maintenance costs.

By annually bidding the cost of hot patch repairs to a private contractor, the borough could yield a productivity enhancement of \$4,054. The borough could yield an additional revenue enhancement of \$2,226, by using the cost per square foot contract to cover the cost of street opening permits and administration.

Vehicle Maintenance

The team recommends that the borough purchase and utilize a computerized work order system, at a one-time expense of \$500.

The borough should consider disposing of six plow blades through auction, for a one-time revenue enhancement of \$6,000. The borough should also consider disposing of the one truck that is only used for snow plowing, yielding a one-time revenue enhancement of \$1,000 and saving \$427 in insurance costs.

The teams recommends that the borough dispose of the excess vehicles outlined in the report, for a one-time revenue enhancement of \$2,250, and saving \$2,010 in insurance costs.

Buildings and Grounds

The team recommends that the borough install a storm door at the boat ramp facility to help keep the facility air-conditioned, at a one-time expense of \$100.

Trash Removal and Recycling

The borough should consider a shared service for trash collection with an adjoining municipality to take advantage of collective economies of scale, saving \$28,935. The borough should also consider a shared service for the collection of recyclable material, saving \$11,220.

Planning and Zoning

The team recommends that the borough hire a special law enforcement officer (SLEO) to perform the beach patrol activity during the summer season and have the police incorporate off-season patrol into their regular routine, saving \$5,818.

The borough should consider using hourly staff to enforce garbage and recycling requirements during May through September and rely on public works and trash vendors in off-season, saving \$6,019.

By utilizing the SLEO to enforce code violations cited during the period of May through September, the borough could save \$3,657.

The team recommends that the borough hire a part-time, hourly individual to do the miscellaneous duties carried out by the COE officer, saving \$9,756.

Uniform Construction Code

The borough should consider establishing a Housing Inspection-Rental Registration Ordinance with a \$60 fee per rental unit, yielding a revenue enhancement of \$56,700.

The team also recommends that the borough add one housing inspection officer, at an expense of \$40,000.

Engineering

The team recommends that the borough hire a full-time engineer instead of contracting the services, saving \$28,000.

Water and Sewer

The borough should consider upgrading the hardware and software to allow for electronic metering readings, at a one-time expense of \$1,000 and a productivity enhancement of \$600.

The team recommends that the borough purchase and install water meters on all properties to encourage water conservation, at an expense of \$70,000.

The team also recommends that the borough install meters on school properties and bill them as a commercial property instead of using the current flat fee. The borough should accordingly identify those properties that have garbage disposals and begin billing those properties, yielding a revenue enhancement of \$50,270.

The borough attorney should provide the billing department with a definition of “sprinkler system” so that the utility can begin billing them as the current ordinance provides. The borough could realize a 10% reduction in consumption, saving \$37,620.

The borough should also consider increasing the fee for new water service and/or sewer, yielding a revenue enhancement of \$11,000.

Beach Operations

The team recommends that the borough expand the beach fee season, for a revenue enhancement of \$60,000.

Beach Patrol

The team recommends that the borough increase part-time positions from 5 to 10 during peak periods, at an expense of \$11,000.

The borough should consider providing additional equipment to the lifeguards, such as mandatory use of umbrellas, environmental protective equipment, binoculars, etc., at a one-time expense of \$1,600. The borough should also consider installing emergency lighting and sirens on the beach patrol vehicles, at a one-time expense of \$1,000.

The team recommends that the borough issue two-way communication radios to the badge checkers, at a one-time expense of \$2,000.

The borough should consider having the beach patrol deposit badge receipts directly in the bank twice a day, resulting in a slight increase in interest earnings. By having the bank count the receipts as part of the bank depositing procedures, the finance office will gain a productivity enhancement of \$1,400.

The team also recommends that the borough install a safe in the beach patrol facility for secure storage of the day's receipts, at a one-time expense of \$700.

Harbor Operations

The team recommends that the borough lower the existing seasonal commercial rate to \$200 per dealer, for a revenue enhancement of \$3,600.

The team also recommends that the borough terminate the use of the boat ramp for community events and use the fields on 4th and 5th Street instead, yielding a revenue enhancement of \$1,100.

Parks and Recreation

The borough should consider establishing an \$8 per hour charge for the tennis courts in addition to the beach badge requirement, yielding a revenue enhancement of \$5,200. OR An alternative would be to eliminate the beach badge requirement and related staffing and have scheduling transferred to the beach patrol headquarters or the receptionist in the borough hall, saving \$3,700.

Collective Bargaining Issues

The team recommends that the borough's office personnel work a 35-hour week rather than the current 32.5 hours, for a potential productivity enhancement of \$25,000.

**COMPARISON OF BUDGET APPROPRIATIONS, STATE AID,
AND LOCAL TAX RATE WITH RECOMMENDED REDUCTIONS IN
THE BOROUGH OF SHIP BOTTOM**

<u>Areas Involving Monetary Recommendations</u>	<u>One-time Savings/ Expense</u>	<u>Annual Savings/ Expense</u>	<u>*Potential Savings</u>	<u>Totals</u>
Council				
Waive health benefits for governing body		\$44,820		\$44,820
Administration				
Implement bi-weekly payroll		\$2,600		\$2,600
Health Benefits				
Switch to State Health Benefits Plan (SHBP)			\$49,175	
Implement a 20% co-pay for other-than-single coverage			\$54,000	
Technology				
Replace eight cellular phone with bi-directional communication devices		\$2,000		\$2,000
Cash Management				
Negotiate higher interest rate for secondary and tertiary banks		\$7,979		
Reduce surplus to approximately 15% of total revenue	\$225,000			\$232,979
Purchasing				
Utilize the state's cost-per-copy contract		\$2,520		
Renegotiate maintenance contracts from \$.015 to \$.01		\$547		\$3,067
Court				
Remodel lunchroom to provide privacy for attorney/client conferences	(\$1,000)			
Survey nearby boroughs to share court clerk on a half time basis		\$9,000		\$8,000
Police				
Eliminate one sergeant and add one lieutenant and corporal position		(\$10,000)		
Erect walls with observation window enclosing holding bench	(\$2,500)			
Enclose evidence area with chain link fence and purchase weapon cabinet	(\$2,000)			

**COMPARISON OF BUDGET APPROPRIATIONS, STATE AID,
AND LOCAL TAX RATE WITH RECOMMENDED REDUCTIONS IN
THE BOROUGH OF SHIP BOTTOM**

<u>Areas Involving Monetary Recommendations</u>	<u>One-time Savings/ Expense</u>	<u>Annual Savings/ Expense</u>	<u>*Potential Savings</u>	<u>Totals</u>
Install video and panic alarm surveillance system	(\$2,000)			
Recurring expense for annual monitoring costs		(\$1,200)		
Utilize hybrid department with Long Beach Township for police coverage		\$151,000		
Develop fee schedule and procedure for collecting bail in routine arrests		\$4,500		
Adopt storage ordinance for impounded and towed vehicles		\$14,800		
Implement alarm ordinance		\$8,750		
				\$161,350
Public Works				
Purchase and utilize computerized work order/time tracking system	(\$1,500)			
Sub-divide western section of DPW yard and sell those lots	\$366,324			
Annual revenue enhancement in local purpose tax revenue from sale of lots		\$3,714		
Utilize private contractor to sweep the borough streets		\$885		
Contract out for road patching		\$2,281		
Revenue enhancement from sale of road patching equipment	\$20,000			
Bid cost of hot patch repairs to private contractor		\$4,054		
Use cost per square foot contract to cover cost of street opening permits		\$2,226		
				\$397,984
Vehicle Maintenance				
Purchase and utilize computerized work order system	(\$500)			
Dispose of six plow blades by auction	\$6,000			
Dispose of one truck that is used for snow plowing only	\$1,000			
Insurance cost savings from sale of truck		\$427		
Dispose of excess vehicles outlined in report	\$2,250	\$2,010		
				\$11,187
Buildings & Grounds				
Install a storm door at the boat ramp facility	(\$100)			
				(\$100)
Trash Removal and Recycling				
Shared service trash collection with an adjoining municipality		\$28,935		

**COMPARISON OF BUDGET APPROPRIATIONS, STATE AID,
AND LOCAL TAX RATE WITH RECOMMENDED REDUCTIONS IN
THE BOROUGH OF SHIP BOTTOM**

<u>Areas Involving Monetary Recommendations</u>	<u>One-time Savings/ Expense</u>	<u>Annual Savings/ Expense</u>	<u>*Potential Savings</u>	<u>Totals</u>
Shared service for collection of recyclable material		\$11,220		\$40,155
Planning and Zoning				
Hire special law enforcement officer (SLEO) to perform beach patrol		\$5,818		
Use hourly and current staff to enforce garbage and recycling requirements		\$6,019		
Utilize SLEO to enforce code violations cited from May through September		\$3,657		
Hire part-time, hourly individual to do miscellaneous duties for COE officer		\$9,756		\$25,250
Uniform Construction Code				
Establish a Housing Inspection-Rental Registration Ordinance with a fee		\$56,700		
Add one housing inspection officer		(\$40,000)		\$16,700
Engineering				
Hire a full-time engineer instead of contracting for the services		\$28,000		\$28,000
Water and Sewer				
Upgrade hardware and software to allow for electronic meter readings	(\$1,000)	\$600		
Purchase and install water meters on all properties		(\$70,000)		
Identify properties with garbage disposals and bill those properties		\$50,270		
10% reduction in consumption by billing for water use		\$37,620		
Increase fee for new water and/or sewer service		\$11,000		\$28,490
Beach Operations				
Expand beach fee season		\$60,000		\$60,000
Beach Patrol				
Increase part-time positions from 5 to 10 during peak periods		(\$11,000)		
Provide additional equipment to lifeguards	(\$1,600)			
Install emergency lighting and sirens on beach patrol vehicles	(\$1,000)			

**COMPARISON OF BUDGET APPROPRIATIONS, STATE AID,
AND LOCAL TAX RATE WITH RECOMMENDED REDUCTIONS IN
THE BOROUGH OF SHIP BOTTOM**

<u>Areas Involving Monetary Recommendations</u>	<u>One-time Savings/ Expense</u>	<u>Annual Savings/ Expense</u>	<u>*Potential Savings</u>	<u>Totals</u>
Issue two-way communication radios to badge checkers	(\$2,000)			
Utilize bank to count receipts as part of depositing procedures		\$1,400		
Install a safe in beach patrol facility for secure storage of the day's receipts	(\$700)			
				(\$14,900)
Harbor Operations				
Lower existing seasonal commercial rate		\$3,600		
Terminate use of ramp for community events		\$1,100		
				\$4,700
Parks and Recreation				
Establish an \$8 per hour charge for tennis courts OR		\$5,200		
Eliminate beach badge requirement and transfer scheduling function		\$3,700		
				\$3,700
Collective Bargaining Issues				
Renegotiate office personnel work hours from 32.5 to 35 hours per week			\$25,000	
Total Recommended Savings	\$604,674	\$451,308	\$128,175	\$1,055,982
*\$128,175 not included in savings of \$1,055,982.				
Total Amount Raised for Municipal Tax				\$2,150,614
Savings as a % of Municipal Tax				49%
Total Budget				\$3,961,356
Savings as a % of Budget				27%
Total State Aid				\$257,218
Savings as a % of State Aid				411%

**COMPARISON OF BUDGET APPROPRIATIONS, STATE AID,
AND LOCAL TAX RATE WITH RECOMMENDED REDUCTIONS IN
THE BOROUGH OF SHIP BOTTOM**

Potential for Savings

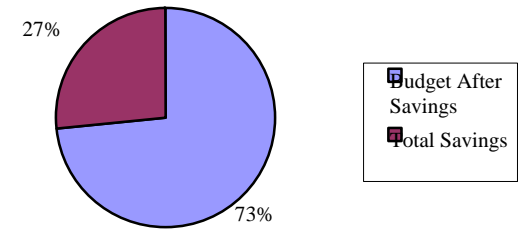
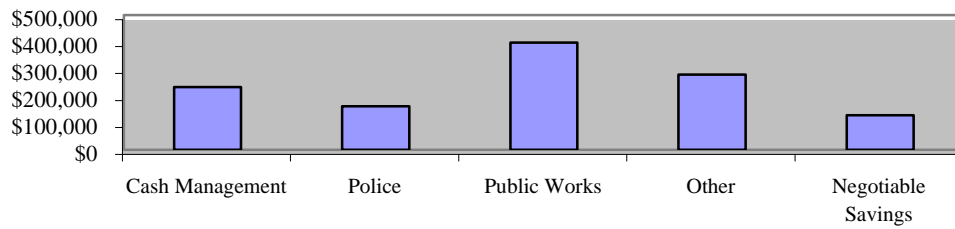


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COMMUNITY OVERVIEW

The Borough of Ship Bottom is one of the 90 local governments covering the 126 miles of New Jersey's shoreline. The entire shore community is an integral part of the state's economy, playing host to nearly 16 million visitors each year. It is estimated that these visitors bring in \$15 billion annually to New Jersey.

The Borough of Ship Bottom exists two miles from the mainland on Long Beach Island. It is the first town after taking the only bridge from the mainland. Long Beach Island is about 18 miles long and averages less than ½ mile wide, for a total land area of 7.9 square miles.

There is one large township and five small boroughs on the island. The township is called Long Beach Township and it covers 4.3 square miles or 54.4% of the total island. The five boroughs each have an average size of .72 square miles. Three of the boroughs are north of Ship Bottom; Surf City, Harvey Cedars, and Barnegat Light. South of Ship Bottom is Beach Haven and Long Beach Township.

The borough received its name from a shipwreck that capsized on the beach in 1817. The borough is an attractive place to vacation, live and work. The population ranges from roughly 1,600 in the off-season to 20,000 in-season. In addition to its beaches, it has many parks, including one on the bay with a boat ramp, tennis courts and a playground.

Having six local governments on a small island obviously presents unique financial management challenges and opportunities. The team's recommendations focus on making the borough more efficient, rather than consolidating services with other local governments on the island. This was done to provide the borough with realistic recommendations. However, the report also presents alternatives that move the borough toward consolidated services whenever this seemed appropriate.

The major financial management challenge facing the borough is its relatively small and nearly built out tax base that must support the growing cost of providing "full service" local government, including police, public works, trash pick up, water and sewer, etc. The borough responds to this challenge in three ways. First, it tries to hold down costs. Average growth in costs has been relatively modest at 3% per year. However, some significant areas are underfunded, such as police, capital costs for the borough hall and the water and sewer fund. Secondly, it has used many one-shot revenue enhancements. These provide only a short-term solution and often take resources from needed areas.

Thirdly, the borough has responded to increased costs with a limited tax base by raising taxes. Its current effective tax rate is 1.542. This is 10.5% above the 1.395 average for the other local governments on the island. There are limits to further tax increases. Ship Bottom's residents have slightly less income than the other boroughs on the island. Its median household income and per capita income is \$29,205 and \$17,782, respectively. These are 11.4% and 14.0% below the \$32,978 and \$20,687 averages of the other local governments on the island.

The team hopes that the governing body, the citizens, and the employees of the borough will use this report to begin a dialogue that leads to a long-term financial and operational plan, and to consider the report's recommendations within both long and short-term contexts.

I. BEST PRACTICES

A very important part of the Local Government Budget Review report is the Best Practices section. During the course of every review, each review team identifies procedures, programs and practices, which are noteworthy and deserving of recognition. Best practices are presented to encourage replication in communities and schools throughout the state. By implementing these practices, municipalities and school districts can benefit from the Local Government Budget Review process and possibly save considerable expense on their own.

Just as we are not able to identify every area of potential cost savings, the review team cannot cite every cost-effective effort. The following are those “best practices” recognized for cost and/or service delivery effectiveness.

The Borough of Ship Bottom has several best practices that other boroughs should consider adopting. These are as follows:

- The governing body used competition to select legal services and saved the borough from \$30,000 to \$60,000 annually in legal costs.
- The borough’s water and sewer department and the department of public works do an excellent job in sharing resources that should be emulated by other boroughs.
- Ship Bottom operates a Lifeguard in Training Program to train young people in lifeguard techniques and strategies. When these individuals are old enough to become lifeguards, they are better trained and easier to recruit for Ship Bottom.
- The court clerks on the island share backup responsibilities for any after-hour work that may be required.
- The Ship Bottom Fire Department is privately run but receives a yearly donation for mostly operating expenses. The fire company holds fundraisers to pay for its major equipment purchases, rather than using taxpayer dollars. It recently purchased a \$450,000 fire truck through these efforts.

II. OPPORTUNITIES FOR CHANGE/FINDINGS AND RECOMMENDATIONS

The purpose of this section of the review report is to identify opportunities for change and to make recommendations that will result in more efficient operations and financial savings to the municipality and its taxpayers.

In its study, the review team found the municipality makes a conscious effort to control costs and to explore areas of cost saving efficiencies in its operations. Many of these are identified in the Best Practices section of this report. Others will be noted, as appropriate, in the findings to follow. The municipality is to be commended for its efforts. The review team did find areas where additional savings could be generated and has made recommendations for change that will result in reduced costs or increased revenue.

Where possible, a dollar value has been assigned to each recommendation to provide a measure of importance or magnitude to illustrate cost savings. The time it will take to implement each recommendation will vary. It is not possible to expect the total projected savings to be achieved in a short period of time. Nevertheless, the total savings and revenue enhancements should be viewed as an attainable goal. The impact will be reflected in the immediate budget, future budgets, and the tax rate(s). Some recommendations may be subject to collective bargaining considerations and, therefore, may not be implemented until the next round of negotiations. The total savings will lead to a reduction in tax rates resulting from improvements in budgeting, cash management, cost control and revenue enhancement.

COUNCIL

The borough has a mayor/council form of government. There are six council people elected for three years terms, two of which face election each year. The mayor votes only if there is a tie among the council members.

In 1999, the mayor received \$2,500 and each councilperson received \$2,000 for their service. Total salary expenditures in 1999 were \$14,500. These amounts are less than half the average amounts paid to their counterparts in the five other boroughs on Long Beach Island. In addition, each of governing body members receives health benefits. The annual cost for these benefits is \$44,820.

Recommendation:

The team commends the council and the mayor for establishing salary amounts that are less than half that of their counterparts on the island. However, the team recommends that the governing body choose not to take health benefits. This would reduce borough costs by \$44,820.

Costs Savings: \$44,820

The council organizes themselves into seven committees. These are:

- revenue and finance;
- public works;
- parks and recreation;
- public safety;
- engineering, public buildings and grounds;
- water/sewer; and
- emergency management.

Our interviews with the governing body indicated that the mayor and many of the council members were elected to improve Ship Bottom's government and to make it more responsive to citizen needs. The prior mayor and borough clerk served in those positions for roughly 30 and 25 years, respectively. The governing body has implemented many improvements over the past five years. They have, among other things:

- Added playgrounds;
- Constructed a walkway along the bay and under the bridge in one of the boroughs parks, which avoided having citizens cross a major highway, Route 72;
- Established a green acres park with tennis courts;
- Updated previously neglected water and sewer systems;
- Implemented periodic maintenance procedures for major infrastructure systems;
- Modernized personnel practices to save the borough money by placing a \$15,000 cap on sick leave buyout. They have also required personnel actions to be completed in a public forum; and
- Saved \$30,000 to \$60,000 in yearly legal costs by using competition to find legal services.

The team observed the council for approximately four months and attended two council meetings. The team was very impressed with the professionalism of the governing body and its commitment to keeping costs low while trying to manage the operations of the borough. For example, one councilperson had the borough change from high test to regular gasoline, saving taxpayers about \$1,500 per year. The team observed the mayor and each councilperson spending considerable amounts of time throughout the workweek attending to the borough's business, such as reviewing and approving documents, meeting with the borough administrator, clerk and various department heads, and coordinating special events or emergent issues.

The team commends the governing body for implementing major improvements to Ship Bottom.

Now that the governing body has implemented major improvements, the team believes that the governing body should begin to redirect its efforts away from daily operating issues to broader financial and policy issues. The team observed individual members of the governing body sometimes directing employees to complete specific tasks, setting daily work priorities, coordinating work among departments and checking to see that assigned work is completed. The

borough administrator and other managers and supervisors usually coordinate these activities since they have the time, training, and experience required to gain in-depth knowledge of functional areas.

For example, the team observed that governing body members were sometimes unclear regarding the responsibilities of selected departments and sometimes lacked in-depth knowledge of their departments. At times, this lack of clarity was also reflected in employees who were confused regarding who supervised them, whom they should report to and take direction from.

The governing body needs to provide more formal direction, goals, priorities, and management tools to borough managers, supervisors and employees. The team found that the tools normally used to do this were either out of date, not used, or non-existent. Examples are the codebook, organization charts, a mission statement used to guide employee effort, current job descriptions, departmental goals and performance standards and employee performance standards. These tools are critical and should be the focus of the governing body's efforts. They capture the governing body's consensus on what to expect from its government and its employees, and they enable the governing body to hold its managers and supervisors accountable.

Recommendations:

The governing body is overly involved in trying to manage the day to day operating details of the borough. Given the part-time nature of the governing body, this takes time away from dealing with the critical policy and priority issues. It is, therefore, recommended that the governing body focus more of its efforts on the broad policy and financial issues facing the borough, as outlined in this report.

It is further recommended that the governing body provide general direction and goals, as well as, establish clear priorities for borough managers, supervisors and employees to follow. This can be achieved using standard management tools including an updated codebook, organization charts, a meaningful mission statement, current job descriptions, departmental goals and performance standards, and employee performance standards.

Once these tools are in place, managers and supervisors can deal effectively with daily operating problems, while the governing body can hold managers and supervisors accountable.

CLERK

The clerk is the only employee in the clerk's office. The position value (includes fringe benefits) for the clerk is \$46,140 with roughly \$9,000 per year in other operating expenses. The clerk receives small stipends as the assistant borough administrator and for her responsibilities in processing commercial licenses.

The clerk began as a part-time office assistant to the former clerk in January, 1995. She was appointed acting clerk in October, 1995, and clerk in March, 1996. She received her clerks' license in 1997.

The clerk is also the deputy borough administrator and handles special projects, as well as mercantile licenses. Some of the clerk's responsibilities include writing agendas, attending monthly council meetings, drafting ordinances, and record keeping. These activities take about 50% of the clerk's time. The responsibilities as deputy borough administrator include handling all complaints from citizens regarding garbage, potholes, recreation, etc. These take about 10% of the clerk's time. Special projects include coordinating public events, overseeing the implementation of the new voice mail system and grants writing. These activities take about 25% of the clerk's time. Mercantile licenses take another 10% of the clerk's time. About 5% of her time is spent on miscellaneous activities.

The clerk indicated that the biggest need in her office is record storage space. This issue, in addition to general building needs, is discussed in the facilities section of this report. The clerk also indicated that she has not purged the records since she was here and she does not know if the prior clerk did either. The clerk quickly found all of the records requested by the team. These records were well organized.

Recommendation:

The clerk should purge the borough's records, adhering to the state's record retention schedules. This is particularly important because the borough is currently assessing its building needs and storage space will be a significant component of these needs.

The borough was in the process of updating their codebook during the team's fieldwork. The borough was making relatively slow progress on this important project. As indicated under the council section of this report, the codebook is an important tool that will, among other things, help the council to provide direction to the borough's employees, and provide all local ordinances (laws) in one updated book.

Recommendations:

The borough should increase the priority of updating the codebook. This is a critical tool not currently available to the council. The borough should also consider automating the codebook to make it available electronically to interested parties, and enable changes to be made efficiently.

The clerk indicated that the biggest strength in the borough is the strong dedication employees have to effectively responding to the public's questions and needs. In addition, she believed that employees worked well together. For four months, the team observed the interactions of the clerk and other borough employees with the public, and with each other, and found this interaction exemplary.

The team commends the clerk and the borough employees on their teamwork to provide good service to the public, and on their courteous, patient and helpful interactions with the public.

ADMINISTRATION

Personnel

Salary accounts for 42.3% of the borough's expenses. The management of personnel and effective personnel policies present opportunities for cost savings and are critical to operating efficiency.

Personnel matters not requiring mayor or council involvement or approval are the responsibility of the borough administrator/certified financial officer(CFO)/tax collector. The deputy tax collector maintains employee time records including vacation, sick, administrative leave, etc.

The borough monitors employee sick day usage to identify any abuse, including patterns of use on Monday or Friday. The team reviewed the use of sick days over a two-year period. The review indicated that the borough's employees have a good record. Only one pattern of potential sick leave abuse was identified. The borough was aware of it and had taken action. The average number of sick days used per employee in 1999 was 5.9 (see table below). In addition, there were two employees with zero sick days and three with one sick day. These employees represent nearly 20% of the total staff.

Unit	Employees *	Sick Days	Average
Administration	8	34.5	4.3
Police	11	71.5	6.5
Water/Sewer	4	24.0	6.0
Public Works	5	35.0	7.0
Total	28	165	5.9

*One employee had an exceptionally high number of sick days and was excluded from our count.

Recommendation:

The borough should implement some type of annual acknowledgement of the approximately 20% of employees who take little or no sick days.

The borough has an outdated personnel manual. It has an updated personnel manual in draft form but it appears that it has been in draft form for a considerable period of time.

Recommendation:

The borough should make it a priority to finalize its personnel manual.

Payroll

The borough pays its employees on a weekly schedule. Many activities are required in order to process payroll and to prepare required reports. The activities include completing federal and state reports, calling in the amounts due to the federal and state authorities, balancing the payroll and related bank accounts, processing, editing, and posting checks, and completing quarterly unemployment and annual W2 reports.

In Ship Bottom, this work takes about 25% of one employee's time. The costs (including fringe benefits) for this work is about \$9,400 per year.

Most private organizations pay their employees either once per month (12 checks) or biweekly (26 checks). If the borough went to a biweekly payroll, similar reporting requirements would continue but check runs, edits and posting effort would be cut in half. The team estimates that a biweekly payroll would reduce costs by approximately \$2,600 per year.

In addition, the borough does not have automatic deposit for employees. This prevents lost checks and reduces administrative time to reissue checks, post and edit them. In 1999, the borough had two lost employee checks.

Recommendations:

The borough should implement a biweekly payroll that would reduce costs by \$2,600 per year and consider implementing automatic deposit for employee checks.

Costs Savings: \$2,600

The team examined whether it would be less expensive for the bank to take over the borough's payroll process. The team understands that there are discussions in the borough that the bank would complete this work at no charge. It is important to note that banks charge for this service but these charges are usually taken out of interest earnings. The actual charge is often unknown to the municipality. The team's analysis indicates that there may be a small cost savings; however, in the case of Ship Bottom, it would not offset the loss in control and responsiveness to employee needs. In addition, as the borough modernizes its technology the cost savings from having this done outside the borough would be even less.

HEALTH BENEFITS

The borough provides employees with a comprehensive health care package comprising health, dental, prescription, and vision through Central Jersey Health Insurance Fund (CJHIF). In 1999 and 2000, health care cost the borough \$52,569 and \$59,293, respectively.

In February, 2000, the borough requested a market analysis from a consultant and performed an in-house comparison between CJHIF and the State Health Benefits Program (SHBP) to determine if the borough could obtain health benefit coverage for less cost. The consultant recommended continued enrollment with the CJHIF. The team reviewed the in-house analysis and found incorrect comparisons. For example, the analysis assumed that the 40 employees

participating in the CJHIF preferred provider plan would migrate into the traditional indemnity program. However, the team's experience is that that 60% of employees joining the SHBP from a traditional indemnity plan will opt for a less expensive managed care plan avoiding deductibles of the SHBP traditional plan. Furthermore, the team believes that the percentage will be closer to 90% since the employees in Ship Bottom are currently members of a managed care program. As a result, the team performed another comparative analysis of the CJHIF and the state plan.

Based on our analysis, a switch to the SHBP will save approximately \$36,175. The following table shows the comparative cost.

Health Insurance fund vs. NJ State Health Benefits Plan		
Coverage	CJHIF 2000	SHBP 2000
Health	\$279,391	\$218,561
Prescription	\$38,529	\$62,914
Dental (independent carrier)	\$27,223	\$27,223
Total	\$345,143	\$308,698

The team believes the borough will gain additional savings if it, and the SHBP, market the various HMO plans, as prescription coverage is included. A migration of 20% of the work force into the HMO plans will yield an additional saving of \$13,000.

The SHBP offers additional benefits to employees including choice and timely payment of insurance bills. During the review, the team discovered at least eight or 23% of the employees were sent to a collection agency as result of the CJHIF failing to pay insurance claims in a timely manner. Some of the individuals reported that this affected their personal credit report.

Recommendations:

A comparative analysis of the existing CJHIF and the SHBP finds the state plan offers savings over the existing health care program. In addition, the SHBP generally pays claims within 90 days as required by law. It is recommended that the borough switch to the state health benefits plan for potential savings of \$49,175.

Potential Cost Savings: \$49,175

The team recognizes that the existing PBA contract Article VIII, Item B specifically references the PPO plan that is currently in place. Such restrictive language inhibits the ability of management to shop for comparable, less expensive plans. It is recommended that the borough negotiate the ability to competitively shop and switch to alternative comparable health care plans during the next round of negotiations.

In recent years, the provision of health care benefits has become an increasing expense. The insurance industry estimates that commercial plans comparable to the HIF may expect increases approaching 12% in the near future. The HIF reported that the fund has reviewed many of the internal operations and initiated cost saving mechanism in an effort to minimize these future increases.

There are, however, additional options that the borough can implement to contain costs. A widely used private sector mechanism is the sharing of health care costs. It is reasonable for the borough to require a 20% co-pay for other-than-single coverage for health, dental and prescriptions for a savings of \$54,000.

Recommendations:

Sharing the cost of health benefits has become a routine practice in the private sector as a containment mechanism for ever-increasing costs. It is recommended that the borough implement a 20% co-pay for other-than-single coverage for savings of \$54,000.

Potential Cost Savings: \$54,000

INSURANCE

The borough currently participates in the Ocean County Joint Insurance Fund (JIF). JIFs allow local governments to pool insurance risk with other government entities in an effort to achieve savings from economies of scale. JIFs typically provide insurance for smaller government entities for less than the traditional commercial rates. The borough insures for property, general liability, auto liability, workers' compensation, public officials and employment practices. The borough obtains excess liability insurance through the Municipal Excess Liability Joint Insurance Fund (MELJIF).

According to municipal records, in 1998 and 1999, the borough paid \$104,978 and \$105,524 for the JIF and MELJIF insurance coverages, respectively. It appears that some of the decreases may be attributed to a combination of a favorable market environment in the insurance industry and the JIF's commitment to cost reduction. An actual price/limit comparison to the commercial market is not possible since many of the JIF's prices are inclusive to a package deal. The following table provides coverage limits and the 1998 & 1999 insurance costs.

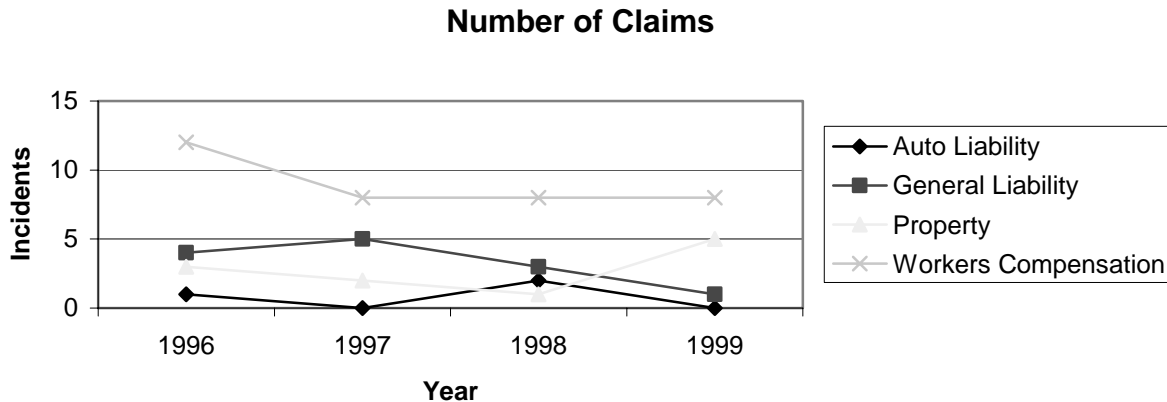
**Ship Bottom Insurance
Comparative of 1998 and 1999 Joint Insurance Fund Premiums**

Coverage	Limit*	1998 Cost	1999 Cost
Property	\$250,000,000	\$8,748	\$8,008
General Liability	\$5,000,000	\$12,690	\$12,526
Auto Liability	\$5,000,000	\$5,516	\$5,394
Workers' Compensation	\$100,000	\$49,145	\$47,930
Agg. Excess Loss Fund	N/A	\$0	\$0
Municipal Employee Defense	\$3,000,000	\$156	\$184
Environmental – JIF	\$1,000,000	\$4,767	\$4,994
MEL (Excess Liability)	\$4,000,000	\$11,258	\$19,204
Expenses & Contingency	N/A	\$18,216	\$20,970
Cost	N/A	\$110,496	\$118,940
JIF Credit	N/A	(\$5,518)	(\$13,416)
TOTAL		\$104,978	\$105,524

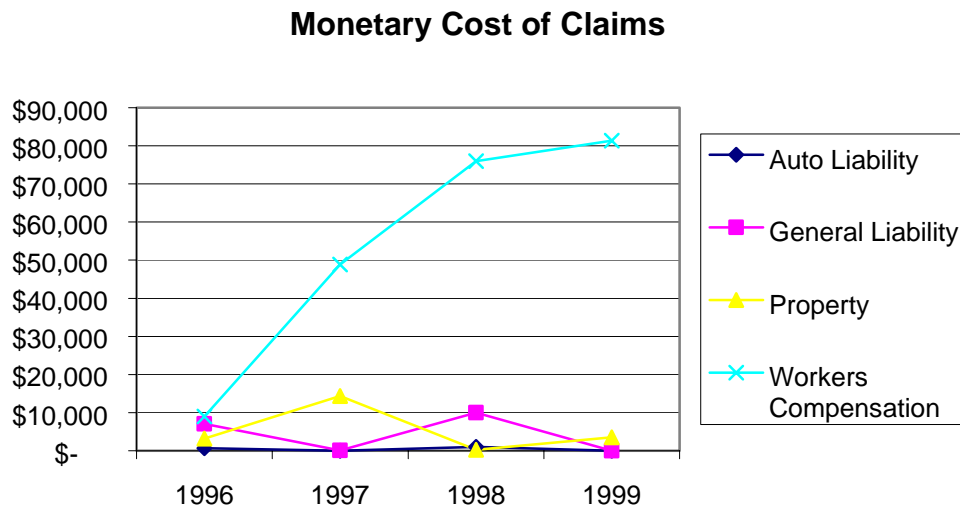
*Limits are statewide shared for all JIF participants.

Insurance Claims

Insurance premiums correlate to the number of claims filed each year. In an effort to keep costs under control, each member of the JIF, in conjunction with the risk management consultant, should review prior year claims to determine patterns and identify areas of excessive claims. The safety committee should also review the loss-run report monthly. This report is a history of the report claims. The following table reflects the number of claims filed.



From 1996 to 1999, the borough averaged approximately 16 claims per year. General and auto liability claims have been trending downward. Property has been slightly increasing and workers' compensation has remained relatively unchanged. However, when compared to the monetary compensation for the claims, the overall cost of claims has increased. The following table illustrates:



In 1996, the JIF paid approximately \$22,000 in claims for Ship Bottom. By 1999, the total dollar amount of claims increased to \$86,910. The majority of these costs were workers' compensation

related to beach, police and public works operations. While the number of claims remains stable, the increase in monetary expenditures by the JIF will ultimately result in an increased risk assessment against the borough leading to increased premiums.

Recommendations:

The insurance loss run reports indicate a downward or flat trend of the number of insurance claims. However, the overall monetary expenditures of the claims has increased by 295%. It is recommended that the borough review the loss run report monthly and re-evaluate the safety programs in the beach patrol, police, and public works departments.

It is also recommended that the municipality periodically bid insurance coverage to insure that the borough continues to receive competitive rates.

Risk Management

The major drawback of JIFs is the shared risk factor. An incurred expense as a result of a catastrophic occurrence by any member of the JIF becomes the responsibility of the collective group. The JIF and each government entity can minimize this risk through a proactive approach. Specifically they can establish a safety committee staffed with personnel from each department. This safety committee, in conjunction with the JIF's risk management consultant, should perform monthly safety inspections and develop and implement employee training programs that will contribute to a safe work environment and risk reduction.

During the LGBR tours, the team noticed additional areas of concern that the safety committee and administration should address. The following lists some of the team's observations:

- There appears to be no smoke detectors in borough hall.
- There appears to be no evacuation plans and drawings posted in any of the offices.
- The police dispatcher has a severely water damaged tile directly over her and her computer.
- The DPW facility was in need of organization and cleaning.
- The back stairway entrance at the well pump house has an approximate two-foot drop with no railing.
- During the 1999 summer season, several beach patrol/badge checkers were stricken with heat exhaustion.
- The beach patrol does not provide badge checkers and lifeguards with adequate shade devices, suntan lotion, bug spray, and communication devices.

The team made numerous risk management suggestions to the borough during the review to allow the borough ample time to plan and budget for them prior to the 2001 summer season. However, the team believes that most of the above issues can be typically identified and addressed by a strong safety committee. The team again emphasizes the correlation that exists between a strong safety committee and reduced workers' compensation claims. While the LGBR team members are not expert risk management consultants, we recognize that the borough's departments need to interact better to address safety issues and minimize risk in the borough.

Recommendation:

Proactively addressing risk management and safety in the borough will lead to a reduction in workers' compensation claims and lost productivity while protecting public assets. It is, therefore, recommended that the borough, in conjunction with the JIF's risk management consultant, establish a safety committee, and develop a policy for daily, weekly and monthly inspections.

TECHNOLOGY

Technology provides local government administrators with numerous opportunities for savings including improved productivity and staffing realignments. However, without proper planning and coordination, technology becomes a costly, re-occurring expense. The goal of management and office automation should be to use technology to promote a smarter and efficient organization while limiting the impact on resources. The team found a lack of coordination and utilization of technology in the borough. Excessive use of manual ledgers, paper processes in all departments, no email capacity, manual payroll processing, and limited access by department heads to the finance system all demonstrate the lack of technology, which creates inefficiency within the borough.

Expenditures

It appears that from 1996 through September, 1999, the borough expended \$41,580, an average of \$10,395 per year on technology. The borough informed the team that there may be additional expenditures that have been charged back to individual department budgets. However, because the business office does not use detailed account lines, identifying exact expenditures would have involved reviewing every voucher.

Infrastructure

The borough does not have any coordinated infrastructure in place. Three computers in the water and sewer utility collection office, CFO's office and tax collection are networked into a computer that contains the finance software package. The clerk has one computer and the police department has three. None of these computers are networked into the finance system. Neither the water and sewer, beach patrol, nor public works departments have any computers. Only the CFO and clerk have Internet access.

The borough BA/CFO has extensive knowledge in technology and advocates upgrading equipment, rather than replacement. Most of the computers have been upgraded to technology approximately two years old. The systems generally meet the needs of the borough, however, the low cost approach has led to the borough not having an inventory or not knowing replacement value of the computers. Furthermore, the team found that the BA/CFO, clerk and finance office all have separate office packages. All employees complained of the lack of training of the various software packages. The borough would benefit by having policies on computer and Internet usage, and training.

The team recognizes that small municipalities generally have difficulties in coordinating technology usage. This has led to numerous inefficient office practices. For example, the police officers must hand write or type reports that are retyped into the records management program. In the finance office, the boat ramp and badge fees are recorded in general ledgers totaled by page rather than by weekend or days. In the clerk's office, lack of training in web software, file management, and word processing has affected the efficiency performance of the office. When the municipality established its presence on the Internet, it included an email service for web visitors. When the number of emails received increased, the borough decided it was easier to terminate this valuable service than to analyze and develop standard email responses. Such an option would have involved developing a "frequently asked questions" page or splitting the duties of responding to emails with other departments.

The team feels office automation would lead to reducing the number of payroll processes and increase productivity. However, the extent of a "needs-assessment" survey required was well beyond the scope of this review. With the skills of the borough administrator and borough residents, it is possible to perform a detailed needs assessment survey through a technology committee.

Technology Committee and Plan

The borough informed the team that they have neither a technology committee nor plan. A technology committee, consisting of department employees, community businesses, and residents could provide valuable assistance to the borough in developing and maintaining technology initiatives. One of the documents produced by a technology committee is a plan that provides political leaders and the community with documentation of coordinated technology activities and includes a budget that outlines capital expenditures for three - five years.

As a result, the municipality should immediately create a technology committee and charge its members with performing a "needs-assessment" survey of every department. A "needs-assessment" survey involves a detailed study of all work processes from the perspective of how to improve them with technology. For example, mobile data terminals in the police fleet results in removing the redundancy of typing and retyping reports and increases the visual presence of officers in the community. Networking all computers would provide access to the Internet for all department heads or access to the scanner in the clerk's office. A network will also reduce the number of printers required, and coupled with duplex printing capability, reduce paper consumption. With a detailed assessment, technology in the borough will be used more effectively.

Recommendation:

At the time of the review, the borough does not have a technology committee or plan. It is, therefore, recommended that the borough create a technology committee comprised of an employee from each department, and residents and businesspersons from the community. The committee should then perform a "needs assessment" survey and develop a technology plan and budget for the council to support and adopt.

Communications

Ship Bottom utilizes several communication services: long distance, local, cellular pagers and cellular phones. The borough has not periodically received competitive proposals for its telephone business from several service providers. The team reviewed the 1999 fiscal year bills and found the following:

1999 Communication Costs

Phone Service	# of Calls	Amount
Long Distance	5,151	\$2,781
Long Distance Operator Assistance	65	\$65
Local Service	25,422	\$9,938
Local Service Operator Assistance	600	\$237
13 Pagers	N/A	\$798
Cellular Phones (Police 2 Lines)	N/A	\$362
Cellular Phones (Municipal 8 Lines)	N/A	\$1,920
TOTALS	31,238	\$15,904

Multiple billings and poor filing hampered our review of the manifests. The team found three different cellular vendors and multiple local and long distance phone bills. A consolidation of bills and service vendors should produce a productivity enhancement in the business office. Furthermore a reduction of operator assisted phone calls should produce a cost savings of \$200.

Recommendations:

Multiple billings by the local and long distance phone companies produce extra work for the business office. It is, therefore, recommended that the municipality obtain consolidated billing from its local and long distance companies.

It is also recommended that the municipality, in compliance with Local Public Contracts Laws, periodically shop for local and long distance services.

In 2000, the borough accepted the lowest bid vendor for a new phone system, at a cost of \$18,568. The phone system replaced an outdated analog system that disrupted business operations because it routed all incoming calls to all departments. The borough hoped to reduce these incoming calls. However, at the time of the review the borough experienced routing problems. The vendor blamed the phone company and the phone company blamed the software. While the borough is slowly resolving the issue, they reported to the team that accepting the lowest bid most likely contributed to the problem. However, the team's experience indicates that poor quality or performance almost always results from poorly written specifications and the lack of performance standards.

The new voice mail system has saved the borough money, although implementation problems exist. Our interviews indicate that unnecessary calls regarding beach badge sales and calls to the receptionist have reduced significantly. The team estimates that voice mail has saved the borough at least \$3,800.

The team commends the borough for using modern telephone technology and saving the borough at least \$3,800 annually.

Cellular Service

Cellular phones in a community less than a square mile is an expensive alternative to other communication devices. Two bi-directional communication devices with a range of two miles cost less than \$100, compared to \$500 for two cellular phones. For those employees and elected officials that need to remain in contact with administrators, the use of pagers becomes a less expensive option or a policy that reimburses individuals on a per call basis for using their own phone.

Recommendations:

The size of the community enables the borough to consider other communication devices. It is, therefore, recommended that the borough replace the eight cellular phones with bi-directional communication devices for estimated savings of \$2,000 after the one-time purchase of communication equipment.

Cost Savings: \$2,000

The borough should establish a per call reimbursement policy for employees who are authorized to use their personal cellular phones to perform municipal business.

Cellular Tower

In 1997, the borough leased space and access rights on the water tower to a cellular communications company for \$18,000 per year, due in 12 equal installments. The five-year lease includes three 5-year renewable options adjustable to the consumer price index for inflationary purposes on an annual basis.

The team commends the borough for leasing access and space on the municipal water tower for revenue income of \$18,000 annually.

Cable Agreement

In 1994, the municipality renewed a 10-year contract with a local cable company to provide cable services to local residents. Expiring December 14, 2004, the contract calls for the cable company to pay 2% of annual gross revenues from all recurring charges in the nature of subscription fees paid by subscribers for its cable television reception service in the borough. The following table outlines the past three-year's receipts:

Cable Franchise Receipts	
Year	Revenue
1999	\$11,475
1998	\$11,475
1997	\$10,695

This cable agreement appears to be appropriate for the borough.

LEGAL SERVICES

The new governing body has done an outstanding job in lowering the costs of legal services. The average cost for legal services in the past three years was \$29,394 (see table below). In the prior two years the average cost was \$59,918. This is a reduction of \$30,524 or 50.9%.

Ship Bottom Legal Expenses 1995-1999

		1995	1996	1997	1998	1999
Legal Expenses		\$66,200	\$53,635	\$28,794	\$23,937	\$35,450

The team also compared Ship Bottom's costs to three similar boroughs for 1998 and 1999. The data indicates that Ship Bottom's cost are about \$60,000, or more than 200% lower, in each year reviewed (see table below).

Comparison of Ship Bottom's Legal Costs to Similar Boroughs

	Ship Bottom		Lavalette		Beach Haven		Surf City		Comparison Avgs.	
	1998	1999	1998	1999	1998	1999	1998	1999	1998	1999
Legal	\$23,937	\$35,450	\$72,630	\$128,000	\$94,559	\$169,813	\$75,822	\$40,109	\$81,004	\$112,641

These cost reductions resulted from competition for the borough's legal business. The governing body initiated this competition as part of its efforts to lower the borough's operating costs.

The team commends the governing body for lowering annual legal cost anywhere from \$30,000 to \$60,000.

PROFESSIONAL SERVICE AGREEMENTS

The team reviewed about 17 professional service agreements or contracts that the borough had negotiated. Almost all of these documents had hourly rates or a total dollar amount. Only three included a "not-to-exceed" clause. This clause provides the governing body with a maximum outside limit and should be included in these agreements and contracts. A majority of them were not bid although there is no requirement to do so.

Recommendations:

The borough should include a "not-to-exceed" clause in its professional service agreements and contracts. In addition, the borough should consider receiving competitive proposals to help ensure that fees are competitive.

PUBLIC ASSISTANCE

Ship Bottom contracts with the Ocean County Office of Public Assistance to provide public assistance services. In 1998, Ship Bottom transferred its welfare services and cases to this office. Work First New Jersey regulations allow each municipality to either continue to administer the

program or to transfer the cost and administration of the program to the county. Prior to this transfer, the borough's costs were approximately \$2,244 per year. Transferring this program eliminated these expenditures.

The team commends the borough for saving the taxpayers \$2,244 per year by transferring the public assistance program to the county level.

FINANCE

The borough faces a financial challenge that requires some long term planning to solve. The team identified this issue in the process of reviewing five years of audits. The team noticed an almost annual effort by the borough to find revenue, which it did through one-time revenue enhancements. On the other hand, the team found that expenses were understated because some areas were significantly under-funded. The team believes that the borough's effort to keep costs down and avoid tax increases is no longer effective and tough decisions must be made.

The financial challenge facing the borough has many components. First, the borough has a relatively small, built out tax base. In 1999, its total ratables were valued at \$379,762,580 (Appendix 1).

Secondly, the borough is trying to provide its own "full-service" municipal government including police, courts, trash and recycling pick up, etc. that is expensive to operate. For example, expenses are growing faster than revenues (Appendix 2). Annual revenue growth over the past five years (1995-1999) has averaged 1.6%. Annual expense growth over the same period averaged 3.0%. This 1.4% difference equals about \$50,000 more in expenses than revenues, or 1.3 tax points. Total annual expenses are about \$3.3 million.

The borough has responded to increased expenses by increasing revenues. Annual Municipal Purpose Tax revenue growth over the past five years (1995-1999) has averaged 1.8%. In addition, annual beach fee and other fees/licenses revenue over the same period averaged 3.4% and 13.6% respectively.

However, the borough is moving towards the limits of raising more tax revenue. Its effective tax rate is currently 10% higher than the average of all the municipalities on Long Beach Island. And, its "median household income" and "per capita income" is 11.4% and 14.0%, respectively, below the average of the other municipalities on Long Beach Island.

The borough has traditionally responded to this situation of growing expenses with limited revenue growth by using short-term solutions. First, it keeps cost low by under-funding or avoiding costs in selected areas. These include:

- Police (the team estimates an additional yearly costs of up to \$200,000 for added staffing);
- Capital needs to improve the borough hall (the team estimates this could cost \$550,000, or about \$50,000 per year); and

- The need to install water meters in residential properties (the team estimates this could cost \$537,000 or roughly \$50,000 per year).

The second response is to rely on short-term revenue increases including:

- Grant funds and cancelled projects. The borough was able to cancel funds reserved for debt service in 1995, 1996, and 1997 for \$100,000, \$100,000 and \$60,377, respectively, because of grant funds received and cancelled projects. As a percentage of total operating revenue they represented 3.3%, 5.5% and 2.0%, respectively.
- Taking general fund (GF) surplus. From 1996 through 1999, GF surplus went from \$1,173,294 to \$876,044. This is a decrease of \$297,250 or 25.3%. The team believes this should be reduced further, but not to meet ongoing operating needs.
- Taking utility fund surplus. In 1996, the borough took \$74,400 from the utility surplus. In 1998 and 1999 this surplus is about \$200,000 above normal levels. The team is not aware of any plans to use this surplus for the GF. Instead, the team understands that this surplus will be used to fund recent large increases in debt.
- Canceling capital improvement balances. In 2000, the borough cancelled \$122,194 in capital improvement balances from five different projects.

The team projected revenues (holding the tax rate constant but increasing property values) and expenses through 2004 using the five-year base of 1995-1999. The team included the current debt schedule and the capital improvement costs for the borough hall (projected at \$50,000) but excluded other potential cost increases, such as, police staffing and capital costs in water and sewer utility (Appendix 3).

These projections suggest the expenses will exceed revenues from a range of \$67,580 in 2000 to \$316,000 in 2003. The tax points to close this gap ranges from 1.8 cents to 8.2 cents.

Recommendation:

It is recommended that the borough develop a long-term financial plan that matches expense growth with revenue growth and does not rely on one-shot increases in revenues. Moreover, expenses should include the actual cost to effectively operate the police department and to fund short and long-term capital needs.

Audits

The team reviewed five years of audits (1995-1999) to determine whether or not the borough took corrective action on recommended improvements. The team generally found a few minor recommendations that varied from year to year. The borough appears to have corrected them by the next year's audit.

CASH MANAGEMENT

Introduction

This section analyzes the borough's management of its cash balances. Specifically, a determination is made as to whether Ship Bottom obtains competitive interest rates from banks and operates efficiently, e.g., by monitoring bank fees, maximizing interest earnings and combining or closing small accounts to reduce bank charges.

The analysis of Ship Bottom's cash balances is based on discussions with the borough BA/CFO, who is responsible for managing the borough's cash. In addition, we completed a detailed analysis of 12 monthly bank statements for the major bank accounts to identify average daily balance, fees charged, interest paid, if any, and the interest rate. For smaller accounts, we completed detailed analysis only for selected months. All our data is for calendar year 1999.

The team determined whether the borough could obtain higher interest rates from its bank by comparing its bank's rates to the New Jersey Cash Management Fund (NJCMF) and to the 90 Day US Treasury CD rate. Unlike banks, these funds do not provide banking services and they are not required, as banks are, to keep 10% of their balances on hand. These funds, therefore, earn interest on their total balance. We made the following adjustments in order to make a fair comparison between the rates paid by these funds and bank rates. First, we exclude from our analysis that portion of the bank account balance that is used to pay for its fees. Second, we reduce the remaining balance by another 10% to account for the bank's reserve requirement.

In cases where no interest amount was earned, different adjustments were required. In these cases, banks did not charge fees and, hence, there is no offsetting balance, and they did not take the 10% reserve requirement. In order to compare the interest rates on these accounts, we estimated fees based on our experience with banks statewide and we reduced the remaining balance by 10% to account for a reserve requirement.

Analysis

In 1999, the borough's average bank balances totaled \$2.9 million and it received \$117,075 in interest earnings. After accounting for bank fees and charges, the borough receives a good overall interest rate of 4.0%. The borough maintains its accounts in three banks; one serves as its main bank. LGBR supports the idea of using more than one bank because this helps to foster ongoing competition, and dealing with more than one bank helps to keep the borough quickly informed of new developments and products in the banking world.

Throughout the year the borough receives informal proposals from local banks. This competition for the borough's banking business helped to achieve its good rate. This competition would be even more effective if the borough provided a uniform proposal format and received these proposals at the same time. This would both simplify review of these proposals and lead to slightly higher rates.

Recommendation:

In order to enhance competition for its banking business, the borough should provide a uniform proposal format and receive proposals from competing banks at the same time.

The borough maintains approximately \$2.1 million, or 72% of its balances, in its main bank in five separate accounts that are grouped together. This grouping enables the borough to receive a higher and a more uniform interest rate than it would otherwise receive. In addition, the bank can provide a summary statement covering all of these accounts. This statement is called an account analysis and shows cash balances, bank service charges, and the balances required to pay for these charges. It is important for the borough to receive and review these monthly statements to ensure proper charges and interest earnings. The borough was not receiving these statements on its main accounts when the team began its work. The bank quickly provided them upon request.

Recommendation:

The borough should enhance its management of its cash balances in its main bank by receiving a monthly account analysis and reviewing it monthly for proper service charges and interest earnings.

In 1999, the borough received \$88,538 in interest from its main bank. The bank receives payment for fees by adjusting the interest rate it pays. After adjusting for bank fees and the reserve requirement, the team found that the borough earned 4.9% interest on these grouped accounts. Our comparison of this interest rate to the 5% average NJCMF rate indicates that the borough received a good rate. The borough even receives interest on one small account. Usually, these accounts receive no interest.

A review of bank charges indicates that the main bank charged the borough \$288 for nine returned checks at \$32 each. The bank charges the borough indirectly for this by reducing the borough's balance that it will receive interest on. Therefore, the borough receives \$288 less in interest. This is another advantage of reviewing the account analysis each month. The borough should charge these citizens at least the cost incurred by the borough, not to mention the increased administrative costs involved.

Recommendation:

The borough should implement charges to citizens whose checks are returned by the bank. This will probably require an ordinance to be enacted. The increased revenue to the borough will be approximately \$288.

In the second bank the borough maintained an average daily balance of \$0.6 million or 21.7% of its balances. These funds are distributed across five accounts and one 90-day CD. About 85% of these funds are divided between the water and sewer account (\$287,814) and the CD (\$246,047). The borough earned \$25,200 on these accounts. This is an overall rate of 4.0%. The borough could earn an additional \$2,545 per year if it took the following steps:

- Move the older general capital account into the main bank grouped accounts where the current capital account exists. This could even be combined into a sub-account with the current capital account. This would enable the borough to close the older capital account, reducing both bank fees and the administrative time for reviewing and filing separate bank statements. Additional interest earnings would be \$890.
- Negotiate a slightly higher interest rate on the water and sewer account (increase to 4.9% from the current 4.4%). Additional annual interest would be \$1,330.
- Move the 90-day CD to an instrument with a slightly higher rate such as the NJCMF (where funds are liquid) or to Treasury CDs. Putting these funds into the NJCMF would also eliminate the administrative time required to renew CDs every three months. Additional interest earnings would be \$325.

The third bank has \$0.2 million or 6.3% of the borough's balances divided between the dog license and a current operating account. The current operating account has 99% of the balance or \$181,648. The borough received 1.8% or \$3,330 in interest of this account. The borough should be able to obtain at least 4.3% on this account. This would increase annual interest earnings by \$4,434.

Recommendations:

The borough would increase its annual interest earnings by \$7,979 if it received better interest rates from its secondary and tertiary banks. Specifically, the borough should move its general capital account to its main bank and obtain slightly higher interest rates on its water and sewer account and its CD. In addition, the borough should negotiate a 4.3%, instead of the current 1.8%, interest rate on its current operating account at its tertiary bank.

Revenue Enhancement: \$7,979

Budget

The team analyzed the accuracy of the borough's budget estimates from 1995 through 1999. In terms of revenues, these estimates should slightly underestimate the actual amount of revenue. The borough's underestimates range from a low of 7.9% in 1998 to a high of 15.5% in 1996 (see table below). The data indicates that the borough is improving. From 1995-1997, they averaged 13.2%. However, in 1998 and 1999 they averaged 8.7%. This is a more reasonably accurate estimate of revenues.

Comparison of Realized to Budgeted Revenues

	1995	1996	1997	1998	1999	AVG.
Total Revenue Budgeted	\$3,671,945	\$3,724,884	\$3,724,043	\$3,940,849	\$3,961,356	\$3,804,615
Total Revenue Real (incl. Non-Budget)	\$4,067,822	\$4,302,815	\$4,221,603	\$4,253,288	\$4,335,485	\$4,236,203
Excess/(Shortfall) of Budget	\$395,877	\$577,931	\$497,560	\$312,439	\$374,129	\$431,587
% of Budgeted Revenue	10.8%	15.5%	13.4%	7.9%	9.4%	11.4%

The team also reviewed the borough's estimates of tax collections and found them very accurate (see table below). The difference between the projected and actual rates ranged from 2.3% to .8% and averaged 1.6%.

	1995	1996	1997	1998	1999	AVG.
Project. Collect. Rate (Budget)	*94.0%	94.0%	94.4%	95.4%	95.4%	94.6%
Actual Collection Rate	95.8%	95.7%	96.7%	96.8%	96.5%	96.2%
Over/(Under) Projection	1.8%	1.7%	2.3%	1.4%	0.8%	1.6%

* Estimated

In terms of expense estimates, they should slightly overstate actual expenses. Actual expenses then should be less than the budgeted amount. The team believes that Ship Bottom's estimates could be more accurate. Actual expenses averaged 11.3% under the budgeted amount (see table below).

Comparison of Actual to Budgeted Expenditures						
	1995	1996	1997	1998	1999	AVG.
Total Budgeted App. – After Modification	\$3,671,945	\$3,724,884	\$3,732,043	\$3,950,851	\$3,969,356	\$3,809,816
In-Year Exp. (paid or charged-from audit)	\$3,094,304	\$3,129,521	\$3,214,304	\$3,347,122	\$3,459,441	\$3,248,938
Res. Exp. (from next yr. Audit)	\$160,800	\$128,883	\$152,801	\$108,673	\$108,673	\$131,966
Total Expended	\$3,255,104	\$3,258,404	\$3,367,105	\$3,455,795	\$3,568,114	\$3,380,904
Under/(Over Budget)	\$416,841	\$466,480	\$364,938	\$495,056	\$401,242	\$428,911
Percent Under/(Over) Budgeted Expense	11.4%	12.5%	9.8%	12.5%	10.1%	11.3%

A comparison with three similar sized towns for 1998 and 1999 found that the most common percentage amount under budget ranged from 7.0% to 8.1%. This is about 28% below Ship Bottom's amount. It is important to accurately estimate expenses. If the estimates are too much above the actual expenses then unnecessary taxes may have been raised to meet these estimates.

Recommendation:

During the budget process, the borough should improve its estimates of expenses.

The team also examined the borough's surplus amounts from 1995-1999. Surplus is the amount that is left over at the end of the year that is unallocated. Its purpose is to fund emergency expenses that could not be reasonably anticipated. As with revenue and expense estimates, it is important that the amount of surplus be adequate to cover emergencies but not too large to result in raising unnecessary taxes.

The borough's average surplus amount over the five-year period is 23.3% of its total realized revenue (see table below).

	1995	1996	1997	1998	1999	AVG.
Total Realized Revenue	\$4,067,822	\$4,302,815	\$4,221,603	\$4,253,288	\$4,335,485	\$4,236,203
Total General Appropriation	\$3,094,304	\$3,129,521	\$3,214,304	\$3,347,122	\$3,459,441	\$3,248,938
Annual Surplus	\$973,518	\$1,173,294	\$1,007,299	\$906,166	\$876,044	\$987,264
Surplus as % of Total Realized Revenue	23.9%	27.3%	23.9%	21.3%	20.2%	23.3%

The amount of surplus seemed high to the team. There is not one standard of what amount of surplus is appropriate. The amount depends on many factors including the quality of a borough's budget estimates, the age and condition of its buildings and whether it adheres to a replacement

schedule for aging equipment. As noted above and elsewhere, these operate at generally acceptable levels with some exceptions. The team then compared Ship Bottom's surplus to three comparable boroughs for a two-year period. The average of the comparison boroughs is 15.2% (see table below).

	SHIP BOTTOM		BEACH HAVEN		SURF CITY		LAVALETTE	
	1998	1999	1998	1999	1998	1999	1998	1999
Total Real Rev.	\$4,253,288	\$4,335,485	\$6,468,302	\$6,614,110	\$4,087,489	\$3,880,487	\$4,652,061	\$5,009,809
Total Gen. App.	\$3,347,131	\$3,459,441	\$5,187,860	\$5,537,097	\$3,426,700	\$3,053,348	\$4,089,684	\$4,721,366
Annual Surplus	\$906,157	\$876,044	\$1,280,442	\$1,077,013	\$660,789	\$827,139	\$562,377	\$288,443
Surplus As % of Total Real Rev.	21.3%	20.2%	19.8%	16.3%	16.2%	21.3%	12.1%	5.8%

If Ship Bottom's surplus were 15% of its total realized revenue, its total surplus would be \$650,322 instead of the \$876,044 for 1999. This is a difference of \$225,722. This money could be used to lower taxes or to fund one-time improvements. It should not be used to fund ongoing operating costs. By the time this report is published the current surplus amount may change and the numbers would need to be adjusted accordingly.

Recommendation:

A review of Ship Bottom's budget process and a comparison to similar sized boroughs indicates that the borough's surplus amount could be reduced from about 20% of total revenue realized to 15% and still leave a prudent amount for emergencies. Therefore, it is recommended that the borough reduce its surplus to approximately 15% of its total revenue realized. This will give the borough one-time revenue enhancement of approximately \$225,000.

One-time Revenue Enhancement: \$225,000

PURCHASING

Process

The borough essentially has a centralized purchasing process. All orders over \$100 require a purchase order (PO) number, approval of two council people (one the chair of the committee overseeing the department), and approval of borough administrator/CFO/tax collector. The borough's small volume of purchases and limited storage space inhibits bulk purchasing.

When items are delivered, the financial assistant in the finance office matches the vendor's PO to the original order and they are given to the department head for payment approval. Approved bills are listed for approval at the next council meeting.

The team noticed a number of instances where bills were paid late. The team's review indicates that this results from the backup of workload at the end of the month. This occurs because the council often meets on the last week of the month and the bills are held for this meeting. In addition, other workload occurs at the end of the month exacerbating this situation. By the time all of this work is processed at the end of the month, some bills are late.

Recommendation:

The council should consider moving its monthly council meeting to the middle of the month to establish a more even workload and, thereby, improve bill-paying efficiency.

Office supplies are ordered centrally, except the police order their own paper (they have different paper needs). The team observed a conscious effort to keep purchasing costs low. For example, state contract prices are compared to local vendors to identify the best value. Some supplies, such as calendars, are ordered when the price is lower. Purchasing calendars this way saves the borough at least \$110 per year.

State contracts are used for office supplies, diesel fuel and gasoline.

The borough has tried to implement joint purchasing with other boroughs on the island but this effort was not successful. For example, they tried to purchase lifeguard uniforms and cleaning supplies.

Recommendation:

The borough should continue to attempt to implement joint purchasing with the other boroughs on the island. With six municipalities on a 7.5 square mile island, there are opportunities to reduce purchasing costs by bulk buying. In addition, the borough should consider including the local school district.

Photocopiers

Photocopiers represent a business expense to all departments in the borough. Local governments procure copiers through four types of financing - purchase, lease, lease/purchase, and cost-per-copy (CPC) contracts. The state CPC contract - T0206 is essentially a rental agreement where the user pays for a specified number of copies and pays additional for any excess copies over the specified allotment. CPC contracts include all maintenance and supplies, excluding paper. The team finds that CPC contracts are generally less expensive than other types of financing, and allow the local governments the benefit of upgrading copier equipment every three years.

The borough procured its two photocopiers, one in the police department and the other in the main hallway of the borough, through the bid process. The borough recently completed a three-year lease purchase of the borough copier, and recently purchased a new copier for the police department. Using the copier consumption rates in the borough, the team compared the borough contracts with the State CPC T0206 Contract.

Cost-per-copy contracts mean the purchaser gives up the right of ownership. Based on the lease purchase agreement and vendor history report, the borough spent \$13,273 on the main borough copier. This sum would have funded a CPC contract for nine years providing a new updated copier every three years. Under the 2000 maintenance contract, the LGBR team projects the borough will incur a three-year maintenance cost of approximately \$9,615. Replacing the

borough copier with a cost-per-copy contract would cost \$3,828 generating annual savings of \$1,929. The team recognizes that the borough will have to complete the obligation of the three-year lease agreement.

The following table outlines our findings:

2000 Photocopy Comparison of State CPC T0206 vs. Borough Contracts			
Location	Borough Contract	CPC Contract	Savings
Borough Hallway	\$3,205	\$1,276	\$1,929
Police (lease)	\$1,200	\$609	\$591
Annual Savings using State Cost-Per-Copy - T0206 Contract			\$2,520

Recommendation:

New Jersey State Contract T0206 – cost-per-copy photocopier contract represents a less expensive alternative to lease-purchase and maintenance agreements. It is, therefore, recommended the borough replace the current contract and use the CPC contract for an annual savings of \$2,520.

Cost Savings: \$2,520

The existing maintenance contract charges \$.015 per copy for all maintenance and supplies, excluding paper and staples. The team has seen a maintenance rate of \$.01 per copy for maintenance, excluding paper. If the borough decides to maintain ownership of its photocopy equipment, it should periodically bid or renegotiate the maintenance contract, reducing the maintenance charge of \$.015 to \$.01 per copy. This would yield estimated savings of \$547.

Recommendation:

It is recommended that the borough renegotiate maintenance contracts from \$.015 to \$.01 per copy for estimated savings of \$547.

Cost Savings: \$547

TAX COLLECTION

The borough's BA/CFO (who is also the tax collector) and the deputy tax collector staff the tax collection office. The BA/CFO and the deputy tax collector are full-time borough employees, although they only work part-time on tax collection work. The BA/CFO has tenure status as the tax collector. The deputy tax collector has permanent status, as a borough employee, but is not tenured as the deputy tax collector.

The BA/CFO spends only a small portion of his time on tax collection work. The exact amount has never been measured.

Recommendation:

The borough should attempt to accurately determine the amount of time the BA spends on tax work. The results would provide the governing body with precise information to understand the time and costs to carryout this function.

The deputy tax collector is the primary person attending to the office functions. Both officers are state certified. The deputy tax collector holds a similar position, although part-time, in another town that is not on Long Beach Island. In addition to tax collection work, the deputy tax collector also collects water and sewer payments, is the deputy of vital statistics, the tax search officer and the custodian of the construction office's escrow accounts. Accordingly, only 60% of the deputy tax collector's time is allocated to tax work. The deputy tax collector has a position value of \$29,177 for this work.

According to the deputy tax collector, there are 1,952 tax lines in the Borough of Ship Bottom. Using a benchmark established from prior Local Government Budget Review reports, an efficient staff to tax line ratio is about 3,000 tax lines per person. This indicates that Ship Bottom's tax collection function has the appropriate number of staff.

The borough's tax collection rate is good. Over the past five years the rate has ranged from a low of 95.72% in 1996 to a high of 96.80% in 1998. The average over this period is 96.2%. LGBR's collection rate benchmark is about 95%, depending on selected circumstances. The deputy tax collector mails out delinquent tax notices two times per year (March and October) and conducts an annual tax lien sale.

The borough's tax collection effort operates well and appears to be properly staffed.

TAX ASSESSMENT

The Borough of Ship Bottom employs a part-time assessor at nine hours per week. Office hours are Monday through Wednesday, 9:00 a.m. to 12:00 p.m., no evening hours are offered. A part-time clerk spends 50% of her time or 16.3 hours per week in the assessor's office. The other half of the clerk's time is spent in the construction code office. Due to the physical location of these two offices, the clerk is able to perform efficiently in these dual capacities. The tax assessor has been employed by the borough since 1987 and is certified by the State of New Jersey. The tax assessor holds a similar title in neighboring Surf City and is also the deputy assessor in Elmwood Park, Bergen County.

The tax assessor's position value (includes fringe benefits) totals \$30,961. The clerk's position value in the assessor's office is \$16,532.

The International Association of Assessing Officers (IAAO) identified staffing standards based on the number of line items listed in a community. For Ship Bottom, with 2,400 line items, the

IAAO recommends a range of 8-25 hours per week for assessing personnel and 10-30 hours per week for clerical personnel. The team believes the Borough of Ship Bottom is appropriately staffed, in accordance with the guidelines.

The team commends the borough for having an efficiently staffed assessor function.

Recommendation:

The borough should make it convenient for the public to see the assessor by revising the assessor's hours to include some evening hours, or hours by appointment.

Property Valuation

The tax assessor performs all field work inspections. The tax assessor performed, under the guidance and approval of the County Tax Board, partial in-house reassessments of the borough's properties in 1989, 1992 and 1995.

In 1999, the Ocean County equalized ratio for Ship Bottom was 96.68%. The borough is currently planning to initiate a revaluation and will contract with an outside firm. The utilization of an in-house assessment has allowed the borough cost-savings due, in part, to not having to contract with an outside firm. The assessor has been able to provide a similar service at a smaller cost. It may not be feasible to repeat this in the future because the assessor had difficulty finding qualified staff to assist him.

The team commends the assessor and the borough for completing reassessments in-house rather than contracting an outside service to complete this at a higher cost.

The following is the borough's 1999 net valuation and how this is distributed among the different ratable classes:

Type	Value	Percent of Total
Vacant	\$9,664,700	2.5%
Residential	\$309,662,300	81.5%
Commercial	\$56,500,100	14.9%
Apartments	\$3,563,600	0.9%
Communication Equipment	\$371,880	0.1%
Total	\$379,762,580	100.0%

The borough has 52 exempt properties. These include schools, public areas, churches and miscellaneous properties. The total assessed value of these properties amount to \$23,904,880.

Overall, the assessor's office seems well run, cost-effective and meets the needs of the borough.

COURT

While the team recognizes the separate authority and responsibility of the judicial branch of government, we have made the following comments and recommendations in order to provide the community with information on current and potential operations, procedures and programs available to the court. Recommendations are made with the knowledge that further review and approval will be required by judiciary personnel.

In Ship Bottom during the summer season (approximately May through September) court sessions are conducted twice per month, on the second and fourth Wednesdays. In the off season (October through April) court sessions are held once per month. Special court sessions are scheduled as needed.

Court sessions begin at 9:00 a.m. and continue until the court docket is adjudicated. Observation has proven the court docket is completed in approximately three hours. Both traffic and criminal offenses are listed on the court docket. The courtroom doubles as the borough's council meeting room. The room's maximum permitted occupancy is 70 people, as established by the borough's fire inspector.

In 1999, court expenditures totaled \$56,491. Of this total, \$52,058 or 92% was for salaries and \$4,433 was for operating expenses. The court collected \$81,241 in court fines and costs that were retained by the borough.

The court is normally staffed by a part-time judge, who is the department head, a full-time court administrator, and a volunteer who works about two hours per week all year. During the height of the summer season (July through September), the administrator has additional help from a nearly full-time (.75 FTE), 25 hour per week assistant.

The violation office is open five hours per day Monday through Friday from 9:00 a.m. to 12 p.m. and from 1:00 p.m. to 3:00 p.m. (closed one hour for lunch). This 25-hour per week schedule is maintained throughout the year. Both the court administrator and the seasonal clerk maintain the same work schedule during the height of the summer season.

Recommendation:

For the convenience of the public, the court administrator and the part-time court clerk should take different lunch hours to enable the violations office to be open more hours during the height of the summer season.

The court administrator is occasionally called upon on to handle court warrants and bail issues during non-business hours. These incidents occur approximately two to three times per week and involve less than one hour's time. The agreed upon compensation for this work time is as follows: The court administrator works a 25-hour workweek and the non-business hour work is assumed to equal 7.5 hours. The total full-time workweek is 32.5 hours. The court office and borough administration do not maintain records regarding the nature of or the amount of time

required for this non-business hour work. Pending documentation, the team assumes that this time estimate is reasonable. Based upon the court administrator working a 32½-hour week the cost per hour is \$30.32.

Recommendation:

The court administrator should maintain records concerning the nature, frequency and length of time she is involved in non-business hour court work for the borough.

The team observed that the limited space in the borough building requires that private client/attorney discussions be held in the borough employees' lunchroom, building hallways, and/or on the steps of the building's entranceway. The only room acceptable for private conversations is the employees' lunchroom, which contains the employees' bathroom. However, the lunchroom is not private, because one wall is a partition that does not go all the way to the ceiling. The lighting and ventilation are such that if the wall were extended to the ceiling, little additional work would be required to make this a private room. Since court meets infrequently, asking employees to use the public bathrooms during these times is a reasonable accommodation.

Recommendation:

The lunchroom should be remodeled to provide complete privacy for attorney/client conferences. In-house staff could complete this work at an estimated cost of roughly \$1,000.

One-time Value Added Expense: \$1,000

The court administrator is certified, by the state court, and is versed in both the court system's automated traffic system (ATS) and the automated complaint system (ACS). The court administrator trained the seasonal clerk in both systems. The duties of the volunteer are kept strictly to report filing. The court administrator holds a similar position in a neighboring town.

Most of the court administrators on the island have an informal agreement with each other to provide after hour emergency service if the one of them is unavailable. This informal relationship has existed for years.

Recommendation:

The team recognizes the occasional need to have court administrators available during non-business hours. The team acknowledges the cooperation currently shown among the municipalities. However, the team recommends that the borough formalize this agreement so all parties involved are aware of the agreed upon responsibilities.

Court Payments

The court accepts cash or checks for payment of fines. Ship Bottom is a vacation area and it can be assumed visitors carry a minimum amount of cash, believing credit cards can be utilized. This is not to say that payment of credit cards should be accepted for major offenses. However,

for local ordinance violations the borough should permit payment of fines by credit cards. The Administrative Office of the Courts issued a directive to guide municipalities in implementing this process. One requirement is that the merchant's fee should not be assessed to the payer's account.

Recommendation:

The borough council should consider enacting an ordinance that allows payment of specific municipal violations via credit card. The borough would need to follow the directive issued by the Administrative Office of the Courts. This service would provide the public with an alternative payment method, lessen cash transactions, reduce the number of returned checks, and increase the amount of total fines collected, since time payments would be reduced.

Analysis of Administrative Staffing

The analysis of administrative staffing is based on the team's four-month (July-October) observation of the courts operation, an analysis of monthly case disposition data, and interviews with the court clerk.

The team was able to document how difficult it is for a small borough to operate its court efficiently when it has a low volume workload but with major seasonal increases in this workload. The team noted what appeared to be an insufficient amount of workload to keep the administrative staff busy. The team then analyzed the court's monthly disposition data from 1999 and the amount of staff effort in disposing of these cases. In terms of staff effort, the team included the hours of the summer season part-time person during July through September and the two hours per week of the volunteer.

The results indicate that the average time needed to dispose of each case during the summer season (July through September) is about a ½ hour (see Appendix 4). However, the average time needed to dispose of each case in the off season (October through June) is about two hours. These times are approximate because some of the cases disposed in one month resulted from work done in the prior month and there may be some differences in the types of cases disposed. Nevertheless, the court administrator confirmed our observation and the data by indicating that cases take longer in the off season because there is less workload and more time.

It is important to note that the judge and the court clerk work very efficiently. For example, court records reveal that of the 1,625 cases received for 1999, 1,690 cases were disposed. This 4% increase in cases disposed appears directly related to the office efficiency.

The team commends the Ship Bottom municipal judge and court administrator for the efficient disposition of cases.

However, the court does not have enough of a workload in the off season to enable the efficiency level attained in the summer season to continue throughout the year. If the court administrator could dispose cases in the off season in a similar amount of time that it takes in the summer

season, court hours could be conservatively reduced by 50% in the six months of December through May. If the borough could reduce the hours of the court administrator during this period, it would save approximately \$9,000 per year.

However, there is no easy solution to this workload problem. First, it is difficult, if not impossible, to find someone to work part-time for six months and full-time for the next six months. Second, the borough could try to combine two part-time, off-season positions into one full-time, off-season position but the borough has less demands in the off-season making this solution impractical. Finally, court personnel generally can't work in other areas of the borough because of the potential for a conflict of interest.

This analysis highlights the challenge facing Ship Bottom to use tax dollars efficiently when it operates a low volume court with major seasonal workload changes. In fact, there is no department in the borough that operates year round that has the major swings in workload that the courts do. For example, the police department receives twice as many total calls in the four months of the summer season than does in the eight months of the off season. However, in the court system there are 3.4 times more court cases in the summer season compared to off-season. The team believes that the two alternatives listed below provide practical solutions to this court workload problem.

One alternative would be to share the position of court administrator with a nearby borough with roughly the same amount and type of workload. Ship Bottom is currently staffed with one full-time court clerk who works 25 hours per week, Monday through Friday, excluding non-business hour work. Working 25 hours per week equals 100 hours per month or 1,200 per year. If a court administrator were shared, the administrator would work half-time in each borough all year round. As the earlier data showed from December through May (six months) the borough only needs 50 staff hours to handle the workload. For these six months staff hours could go from the current 100 to 50. In six months, this reduces total work hours by 300 (6 x 50). At \$30 per hour would reduce costs by \$9,000.

In the remaining six months (covering the summer season) the current number of court administrator hours provided, i.e., 100 is appropriate. However, under this alternative the court administrator would be working only 50 hours per month because the position would be shared. The borough would then hire a part-time person to return the staffing level to the appropriate 100 hours. The half-time clerk would supervise this person. Since the number of hours provided in this six-month period would be the same as is currently done, there would be no cost increase. This alternative enables the borough to structure the court administrator position in a way that is appropriate for the changing seasonal workload and minimizes the changes to the borough.

Recommendation:

Alternative #1:

The borough does not have the workload in the off-season to support a full-time court administrator. However, the borough cannot reasonably structure a position that requires full-time work for three months and part-time for the rest of the year, nor can the borough

implement other staffing adjustments to improve efficiency without looking outside the borough's boundaries. It is, therefore, recommended that the borough survey nearby boroughs to determine if another similar size court can be found that is willing to share a court clerk on a half time basis. The borough may also request the Vicinage Assignment Judge to assign the municipal division manager to conduct a staffing needs analysis including alternative ways to structure the position.

Cost Savings: \$9,000

Another bolder alternative would be for the borough to consider consolidating its court with other courts on the island. This would involve more significant changes to the borough's court operations, including likely ordinance modifications. Nevertheless, a new factor that may influence the success of such a consolidation effort is the REAP and REDI funds that are now available from the state. These grants provide funds to study and implement the consolidation of government services and provide yearly tax relief for residents of participating municipalities.

The team believes that having six courts on a 7.91 square mile island, each facing a similar challenge of major seasonal changes in workload offers unique opportunities for a consolidated court system. This opportunity should be studied through a REDI and REAP grant through the Division of Local Government Services. The grant will provide \$25,000 for a consolidated study and pay 90% of any costs over that amount. In the past, any attempt at consolidation on Long Beach Island met fierce political resistance. An in-depth review by an outside, independent, experienced, consultant paid largely through grant funds should provide a strong incentive for the island's governing bodies to initiate a study of the amount of savings taxpayers will receive from court consolidation.

Recommendation:

Alternative #2:

Long Beach Island has six municipal courts on a land area of 7.91 square miles. The major seasonal workload changes make it nearly impossible to use taxpayer dollars efficiently. It is, therefore, recommended that Ship Bottom, in conjunction with the other municipalities on the island, apply for REDI and REAP grants to have an outside, independent, experienced consultant study court consolidation. In addition to the savings from a consolidated court, the State of New Jersey will provide direct property tax savings to the taxpayers on the island.

POLICE

LGBR reviews all police departments ensuring that each force has adequate manpower allocated to the patrol force. The size of a police force is determined by a number of factors including the amount and level of tolerance for criminal activities in the borough, the willingness of the community to finance and support police services, and ability of the police administrator to justify personnel staffing. The team cautions that police staffing and calls for service alone cannot measure the quality and efficiency of the police force in Ship Bottom. This is because

appropriate staffing levels are influenced by the seasonal population shifts, officer experience, the number of entertainment establishments, the location of the borough as the central point to enter and exit the island, and the crime rate.

The team based its review on two principles. One is the desire of the community to maintain its own police force at staffing levels that minimizes risk to officers, the community and the borough. Because of this, the team documents the existence of staffing, facility and fleet deficiencies and, for the first time, the significant costs that would be incurred to correct them.

The second principle on which this review is based is to provide the borough with alternatives approaches to address these cost issues, including service delivery alternatives. The alternatives range from modest to bold. The team believed that it would be useful to provide these alternatives, given the borough's built out tax base and the desire to limit tax increases. Some of these alternatives not only avoid large increases in costs but also reduce costs significantly. Along with reviewing significant cost issues, the team completed a thorough review of all key aspects of police operations from bail issues to juvenile services.

The team interviewed numerous employees and elected officials, toured police facilities, inspected patrol vehicles and met other police departments on the island. The team also rode along on patrol for observation purposes. The team found understaffing, old equipment, poor records, an inadequate facility and, because of these deficiencies, poor morale.

Notwithstanding the needs in the police department, the team found that the police have good relations with the community. It was obvious that Ship Bottom residents know the patrol officers and vice versa. Furthermore, there is a strong commitment to the children of the community, as police officers often spend their lunch hours eating in the school cafeteria.

Expenditures

The police department represents the greatest single expense for the borough. According to expenditure reports, in 1998 and 1999, total police operating expenses (O/E) and salaries and wages (S/W) was \$725,302 and \$780,129, respectively. Total S/W expenditures were \$658,695 and \$696,156 for 1998 and 1999. Total O/E expenditures were \$78,012 and \$83,973, for 1998 and 1999.

Organization

As with most small communities, the Ship Bottom Police Department (SBPD) does not utilize clear department structure for duties typically associated with police departments. This is in large part due to the geographical size and population shifts during the year. Given the small size of the community, .73 square miles, cross utilization becomes a necessity, as normal departmental type functions can be handled by less than a full-time person. For example, since juvenile issues amount to only 25% of one full-time position, the remaining 75% can be assigned to routine patrol or DARE programs.

Furthermore, the ability to staff the department appropriately becomes complicated, as some types of incidents remove officers from regular patrol. For example, a domestic dispute involving a restraining order will remove a patrol officer from the field for a minimum of four hours. A juvenile incident takes more time since a juvenile trained officer must be involved.

The borough staffs the department with a total of eleven sworn officers; seven officers, two sergeants, a detective, and a chief. Each day there are three, 10-hour tours that overlap during the evening hours. Officers work four 10-hour days followed by three days off. The team agrees with this schedule because it allows the borough to overlap busy hours, which is usually from 3 p.m. to 2 a.m. At the time of the review, there was one vacancy and two officers on disability. Appendix 5 is an organizational chart of the department.

The team found several critical needs in the police department that are currently under-funded and will be costly to bring up to acceptable levels. These are staffing, the facility and the fleet. The team suggests a modest alternative that enables the borough to mostly keep its own police force, avoid adding staff and still save the borough about \$150,000.

Staffing Deficiencies

When distributed according to work hour coverage, the team found a four-hour gap in the scheduling when there is no supervisor or superior officer on duty. Furthermore, the current organizational structure has a sergeant, a member of the PBA union, second in command when the chief is unavailable. In order to provide supervisory coverage and proper administrative/managerial support, the team recommends creating one lieutenant and one corporal position and eliminating one sergeant and one patrolman position. The appropriate lieutenant and corporal position pay adjustment should amount to an approximate three to four percent increase over the respective subordinate title.

Recommendation:

The borough should appropriately staff the police department with supervisor coverage at all times and provide a second in command officer that is not a member of the officers union. It is, therefore, recommended that the borough eliminate one sergeant position and add one lieutenant and corporal position for a value added expense of \$10,000.

Value Added Expense: \$10,000

The team had the opportunity to observe the police on patrol. During routine traffic stops, we found officers professional and courteous. Due to the two work-related injuries and the failure of the borough to fill an existing vacancy, the team found what appears to be modifications to standard police procedures. For example, during some tours the team witnessed patrol officers responding to incidents without backup. A schedule to provide for this backup is presented later in this section. In terms of class I officers, we found the following:

- During the day tour, the borough uses a non-armed class I special officer as backup for regular officers.
- The team found the class I special officer responding to calls usually handled by armed officers.

Class I officers are generally used for parking enforcement and traffic control. Use of a non-weapons bearing officer as backup for an officer responding to burglary calls, public disturbances and other police matters represents a serious safety risk to the responding officers and an insurance risk if an injury occurs.

Recommendation:

It is recommended that the borough restrict its use of class I officers to parking enforcement and prohibit the use of class I officers as back-up for armed officers.

In order to provide information on the costs to properly staff the Ship Bottom Police Department, the team, in consultation with police staffing experts at LGBR and the police department, developed two schedules (shown below) that minimize the number of police, but provide an adequate staffing level. One schedule addresses the off-season needs for police services and the other addresses the summer season needs (from May 1st through September 31st). These schedules add two additional officers, who are necessary because the borough has three critical needs that impact on police services. The borough has high numbers of nightly entertainment establishments, the most traveled roads on the island, and a relatively high crime rate compared to the other municipalities on the island.

Proposed Patrol Staffing (adding two officers)*

Off Season – October through May							
	Thurs.	Fri.	Sat.	Sun.	Mon.	Tues.	Wed.
Shift 1 8 a.m.-6 p.m.	CD(**)	CD	AB CD	AB G	AB	AB	CD
Shift 2 6 p.m.-4 a.m.	EF	EF GH	EF GH	EF	GH	HJ	H
Shift 3 10 p.m.-8 a.m.	I	I	J	J	J	I	I
Summer Season – Memorial Day through September							
	Thurs.	Fri.	Sat.	Sun.	Mon.	Tues.	Wed.
Shift 1 8 a.m.-6 p.m.	CD	CD 1,2 (***)	AB CD 1,2	AB G 1,2	AB 1,2	AB	CD
Shift 2 6 p.m.-4 a.m.	EF 3,4	EF GH 3,4	EF GH 3,4	EF 3,4	GH	HJ	H5
Shift 3 10 p.m.-8 a.m.	I5	I5	J5	J	J	I	

*The schedule excludes the chief of police position. Two positions are needed to cover for vacation, holiday, sick time, etc. These positions are not shown in the schedule.

**Each letter represents one full-time position.

***Each number represents one full-time seasonal position - Class II Summer Officer.

Under the proposed staffing, the five-summer class II officer staffing would remain the same. The long-term cost (including fringe benefits, equipment, administrative, etc.) to provide two additional police is roughly \$200,000. In addition to staffing deficiencies, the team identified some major deficiencies in the police facilities.

Facility Deficiencies

Approximately 1,400 square feet of space assigned to the police is roughly half of what is needed. A tour of the facility found unacceptable conditions for visiting civilians, police employees, detained and complainant individuals. While many issues exist, only the most serious ones are listed below (they are not ordered according to seriousness).

- The borough leaves the back entrance foyer open during the overnight hours when there are no officers in the station house. The foyer has an emergency phone connected to the Surf City dispatch room; however, if the victim and assailant enter into the back entrance hallway, there is no panic button or video equipment to monitor this area.
- The police area is not completely secure from the rest of the municipal area. Individuals have gained access to the police area, including the evidence locker and police records, by climbing through the ceiling of the borough hall.
- There are no holding areas/interview rooms to separate victims and perpetrators. In domestic incidents and criminal complaints, often both individuals end up exchanging verbal and, sometimes, physical attacks.
- The reception/dispatcher desk is in the same area as the holding bench, which exposes all visitors to detainees.
- The back prisoner entrance to the police section does not automatically secure itself. Officers must check the door every time it is used.
- The evidence room is not an enclosed area and the borough uses a standard supply cabinet in the detectives/sergeants officer to store seized weaponry. At times, when more than one arrest has occurred, the borough handcuffs individuals to desk drawers in the same room as seized weaponry.
- The reception/dispatch window is made of plexi-glass, offering the occupants little security.
- In an effort to increase storage capacity, the borough constructed an attic area between the ceiling and the roof, which appears not to comply with New Jersey Division of Records Management standards.
- Officers and police staff share the same restroom as detainees.
- The ceiling tiles in the hallway and directly over the dispatcher/secretary's seat are severely damaged/waterlogged.

The borough informed the team that it plans to address the facility needs of the police once the post office vacates the leased part of the borough hall in 2001. The borough currently does not have an agreed upon facility plan; however, the team estimates roughly that 1,500 additional square feet would be required to provide basic necessities such as heavy duty lockers, evidence locker, and a firearms room. At roughly \$130 per square foot this equals \$195,000. Pending the expansion of the police department space, the team makes the following recommendations for immediate implementation:

Recommendations:

It is recommended that the borough erect walls with an observation window enclosing the holding bench area.

One-time Value Added Expense: \$2,500

It is recommended that the borough fully enclose the evidence area with chain-link fencing and purchase a proper weapons cabinet for confiscated weapons at a cost of \$2,000.

One-time Value Added Expense: \$2,000

It is recommended that the borough install a video and panic alarm surveillance system with monitoring by the Surf City dispatch office, for an estimated cost of \$2,000 and annual monitoring cost of \$1,200.

One-time Value Added Expense: \$2,000

Recurring Value Added Expense: \$1,200

Fleet Deficiencies

Ship Bottom Police Department has five patrol vehicles and three unmarked vehicles. The vehicles were purchased from 1989 to 1997. Four of the patrol vehicles and the chief's car need to be replaced. During the review, one vehicle's front-end suspension fell off while in use. The condition of the fleet forced the department to use the 1997 suburban as a patrol vehicle. This increases the operational cost by \$2,000 annually. The team also noticed that the 1997 suburban tires were excessively worn due to front-end misalignment and should have been repaired before the tires were severely damaged. Excessive idling associated with police work contributes to automobile wear and tear.

The borough informed the team that they recognize the need to replace the aging fleet, although they have not estimated the costs. The team estimates this cost to be \$125,000 to purchase the five vehicles. However, they plan to purchase full size police cruisers. The team believes that this is inefficient in a very small borough with a maximum speed limit of 40 mph. Instead, the borough should replace the existing full size fleet with three mid-size and two mid-compact patrol vehicles. The suburban should be removed from patrol and used as an emergency vehicle for flood and/or beach operations.

Recommendation:

The replacement of the existing fleet with similar vehicles represents an inefficient application of patrol vehicles. It is, therefore, recommended that the borough replace the patrol fleet with smaller vehicles for cost avoidance of \$12,000.

Cost Avoidance: \$12,000

The team identified that it would cost the borough roughly \$500,000 to bring the current police operation to an acceptable level. This includes \$200,000 for staffing, \$195,000 for facility expansion, and \$112,000 for new vehicles. The team developed several alternatives for the borough to consider.

Alternatives to Maintaining a Separate Police Force without Consolidation

Sharing backup with surrounding boroughs:

It was proposed to the team that potential savings might result during the off season if single officer patrolling was backed up by a nearby community that could provide assistance.

However, the team found that those same communities also reduce their police force, relying on other municipalities to provide backup. Furthermore, while the municipality estimated an increase in population from 1,300 residents during the off season to 20,000 during the summer (a 1,538% increase), the number of police incidents only decreases roughly 65% during the off season. The following table outlines the season incident distribution for 1998 and 1999.

Off Season/Summer Season Call Distribution for 1998 & 1999

Season	# of Incidents	% of Total Calls
Off Season 1998: 1/1/98 – 4/30/98 & 10/1/98 – 12/31/98	1,513	38%
Summer Season 1998: 5/1/98 – 9/30/98	2,462	62%
Total 1998	3,975	100%
Off Season 1999: 1/1/99 – 4/30/99 & 10/1/99 – 12/31/99	1,428	32%
Summer Season 1999: 5/1/99 – 9/30/99	3,041	68%
Total 1999	4,469	100%

According to the State of New Jersey's Uniform Crime Report the number of off-season incidents in 1999 decreased slightly from 1998. However, the total number of incidents increased slightly.

Hybrid Department

Instead of adding staff to bring the department to the recommended level, the team developed an alternative consisting of a hybrid department using Long Beach Township police. The team selected Long Beach Township because interviews with the police commissioner and tours of their facilities suggest that it is the largest, best-equipped and most capable department on the island. Long Beach police also travel through Ship Bottom en route to providing coverage to Brant Beach, Loveladies, and Barnegat Light.

This hybrid department would have Long Beach Township provide five hours of patrol services from 3:30 a.m. to 8:30 a.m. This allows the residents of Ship Bottom to keep the identity of the department during all hours except 3:30 a.m. to 8:30 a.m. The Ship Bottom Police Department would provide complete coverage using 10 hour - four days on/three days off format creating two tours of 8 a.m. to 6 p.m. and 5 p.m. to 3 a.m. The following table outlines the schedule:

Proposed Hybrid Department for Ship Bottom – Long Beach Township *

	Thurs.	Fri.	Sat.	Sun.	Mon.	Tues.	Wed.
Tour 1 8 a.m.-6 p.m.	AG	AB G 1	AB 1	AB 1	BC	C	C
Tour 2 6 p.m.-4 a.m.	CF 3	DE F2 3	DE G2 3	DE G2	DE	F	F
Tour 3 ** 3:30 a.m.-8:30 a.m.	Long Beach	Long Beach	Long Beach	Long Beach	Long Beach	Long Beach	Long Beach

*Letters represent one full-time position and numbers represent Summer Class II Patrol Officers.

**A half-hour overlap is provided.

Under the proposed hybrid department, Ship Bottom would employ a total of eight full-time sworn officers (a chief, lieutenant, sergeant, four patrolmen, one patrolman/detective) and three class II patrol officers for summer coverage. This eliminates three full-time patrolmen and three class II patrol officers for a total of six staff. The borough may want to consider adding an additional patrolman for relief; however, an alternative maybe to subcontract this on an as needed basis with an officer from Long Beach Township. In addition, the borough may want to consider adding one more summer class II officer. This would permit the detective to dedicate 100% of his time to detective work during the summer season. The team could not determine if this was needed, due to the lack of data (see detective section of this report).

Since relief factors are designed to provide coverage for vacations and time off, the team feels the department should be able to preplan coverage. The team estimates that this reduction in six staff, equipment (including two vehicles) and administrative costs should save approximately \$381,000. Subtracting \$230,000 for a contractual agreement with Long Beach, including full-time dispatch, the team identified conservative net savings of \$151,000, approximately \$.039 on the tax rate. In addition to reducing staff, this hybrid department avoids the \$200,000 needed to increase current staffing from 11 to 13 full-time officers.

Recommendation:

It is recommended that the borough consider a hybrid department with Long Beach Township for police coverage from 3:30 a.m. to 8:30 a.m. This system will result in the reduction of four full-time positions, two part-time officers, and equipment for a net savings of \$151,000. The borough should contact the Department of Community Affairs to determine if this change would be eligible for REAP and REDI funds.

Cost Savings: \$151,000

The team developed bolder alternatives for police services that involve consolidation. Because these involve eliminating the Ship Bottom police department and dealing with the other five municipalities on the island they are presented after completing a review of current operations in Ship Bottom.

The team identified numerous areas requiring operating improvements. Most of them have relatively minor impacts on costs or revenues.

Beach Patrolling

At the time of the review, the police department did not actively patrol the beach. During the day hours, police are permitted on the beach only when called for assistance by the beach patrol. When beach patrol operations conclude at the end of the day, the police department periodically patrols the access points of the beach. The code officer patrols during the early morning hours (discussed fully in the code enforcement section of this report).

The borough does not supply the police department with rescue equipment or a vehicle capable of immediate access to the beach. During the review, after the beach operations shut down for the winter, the police received a swimmer in distress call. Upon arriving at the beach, a patrol officer had to seize a private kayak to rescue the swimmer. In addition, if the department needed

to have a vehicle on the beach, they must first return to the station for the suburban and let the air out of the tires prior to entering the beach. The team inquired as to the accessibility to the beach patrol equipment and was informed that the police department is strictly forbidden from using beach patrol rescue equipment.

Recommendation:

During the evening summer hours and off-season hours, the borough has the responsibility to supply the police department with the necessary tools to perform a beach rescue. It is, therefore, recommended that the borough give full access to the beach patrol rescue vehicles and equipment, and include personal flotation rescue equipment in each police vehicle.

The patrolling of the beach by the code enforcement officer represents a substantial liability risk to the borough because the individual is not trained in law enforcement. It is, therefore, recommended that the borough transfer the code enforcement vehicle to the police department and require it to patrol the beach during the hours when the beach patrol is off duty.

The restriction of police from the beach has resulted in inefficient patrol routes, as there are 31 dead end streets leading to the beach. While the team understands the desire of the governing body to keep uniformed police officers off the beach during the summer hours, the decision to prohibit police from patrolling the beach has resulted in decreasing the amount the borough may charge back to the beach operation budget. The team feels that the borough could hire three to four class I parking enforcement officers, outfit them in beach patrol uniforms and assign them to the beach. The officers would walk to each access point, exit the beach, enforce parking, then return to the beach and walk to the next access point. This provides the borough with the ability to charge part of the police budget to beach operations, to increase parking violation revenues, to remove patrol vehicles from parking enforcement on dead end streets, and to provide the badge checkers and lifeguards with police protection. The expansion of the beach operation hours would cover the cost of the additional officers. (See the beach operation section of this report.)

Recommendation:

It is recommended that the borough hire an additional three to four class I parking enforcement officers and assign them to beach operations, with the responsibility for parking enforcement for the streets from Long Beach Boulevard to the beach.

Detective Bureau

The department currently has one full-time detective. The detective handles all burglary and theft investigations, performs undercover operations, accident investigations, ID prints, and firearm applications. According to the borough, the detective bureau handled 54 investigations and arrests in 1998. In 1999, they increased to 67. The department does not maintain statistics on the average time per investigation.

Because of staffing problems, the detective must also perform patrols, especially during the weekends. The manpower issue also resulted in reduced drug interdiction and undercover work because the detective cannot perform these operations without having back-up protection.

Recommendation:

Upon proper staffing of the department, the detective will be able to perform his duties. However, the lack of statistics made it impossible to determine appropriate staffing of the bureau. It is recommended that the department start a tracking system that provides management with data to properly manage the detective position.

Juvenile Services

The department uses a patrolman to handle all juvenile issues. The officer spends approximately 80-85% on patrol and 15-20% handling juvenile cases. It was reported that each juvenile case takes approximately 1.5 to 2 hours to complete. However, the department did not maintain records to verify this time. In 1998, the department reported 18 juvenile cases. In 1999, the number of cases increased 83% to 33 cases. The team recognizes that juvenile cases require extra time because of parental rights, juvenile laws, and county involvement.

In an effort to keep juvenile offenders out of the legal system, the department implemented a station house adjustment program for non-violent incidents. The juvenile, the parents, and the complainant agree to delay/forgo formal prosecution if the offender completes an agreed upon punishment. The juvenile and the parents sign the agreement, which, if the offender fails to comply, results in an immediate guilty plea. Punishment may include an essay, restitution, or community service. The borough reported that approximately 50% of all juvenile cases are settled through the station house adjustment program.

The team commends the department for actively using the station house adjustment program to keep juvenile offenders out of the legal system.

Police Technology

The team found almost a complete lack of technology use in the police department. The team identified three older computers, of which only two were working. There are no computers for the detective unit and sergeants. The detective uses a digital camera, but does not have a computer to process pictures. The detective and a patrolman have invested personal funds into a home computer for investigation purposes. Officers must return to the station, type up their reports and submit them to the secretary who then retypes the report into the records management system.

The borough also explored the use of mobile data terminals (MDT) in 1998. MDTs allow officers to maintain a field presence while typing reports. Reports are then transmitted via cellular or radio frequency. In addition, officers can perform motor vehicle and driver license inquiries. MDT's increase the presence of the police officers in the community.

According to the department, a consortium in the area had secured \$493,375 in state and federal grants and would have required an initial investment of \$8,989 by the borough with recurring

cellular charges of approximately \$1,200. The governing body declined to participate in the program due to concerns that officers would perform unnecessary lookups. However, Long Beach Township, which utilizes MDT technology, increased stolen vehicle recoveries and arrests on outstanding warrants. Another example of the value of MDT technology; the Ship Bottom Police Department released an individual with an outstanding warrant on violent charges because of the inability to perform inquiries. The team believes that the issue of potentially inappropriate use of the technology can be addressed through effective management techniques.

Recommendations:

The team found a complete lack of technology in the police department. However, without performing a detailed needs assessment survey, it is impossible to identify any type of savings. It is recommended that the department establish a police technology committee for the purpose of developing a technology plan and budget. The plan and budget should contain the necessary equipment and software for the detective bureau as it is inappropriate for police investigative data to be processed or stored on a non-departmental computer.

The team suggests the department seek the input of Stafford and Long Beach Township police departments, the two most technologically advanced departments in the area.

Arrests & Bail

In 1998 and 1999, the department performed 139 and 145 adult arrests, respectively. Once an arrest occurs, the police process the individual and contact the court clerk or judge for the bail amount. Officers must then drive to the court official's residence to process the paperwork. The entire process adds an additional hour to the arrest process. The team finds this procedure generally inefficient, as many of the arrests are routine and would not require contacting the court if the department had a procedure and schedule for bail collection, which includes a procedure for facsimile signatures on arrest warrants. For non-routine matters or cases of extreme criminality, the police should continue to contact the clerk or judge for assistance.

Recommendation:

Contacting the court for every arrest is inefficient and delays officers from returning to patrol. It is recommended that the court develop a fee schedule and procedure for collecting bail in routine arrests. Based on an average of 142 arrests the team estimates a productivity enhancement of \$4,500.

Productivity Enhancement: \$4,500

Furthermore, the department only accepts cash or certified funds for bail. Any individual unable meet these terms is transported to the county facility in Toms River, which requires two officers for the 90-minute trip. This has resulted in calling officers in for overtime and/or has left the borough without police coverage during transport at an estimated cost of \$3,500.

Recommendation:

Prisoner transport generally falls under the responsibility of the county sheriff's office. It is recommended the municipality petition the county sheriff's office to provide prisoner transportation.

As an alternative, the municipality should petition the county to establish a southern Ocean County holding facility, which would benefit all the municipalities in the southern area of the county.

Dispatching – Caller Assisted Distribution (CAD)

The borough contracts with Surf City for dispatching services Monday through Friday, from 4 p.m. to 9 a.m. and 24 hour coverage on Saturday, Sundays and all legal holidays. In 1999, the department used an officer for dispatching Monday through Friday from 9 a.m. to 4 p.m., but re-assigned the duties to a civilian secretary beginning in 2000. The five-year contract ending December 31, 2000 cost \$15,000 for the first two years and \$19,500 for the remaining years. The team congratulates the borough on negotiating dispatching services at such an inexpensive rate. These are the best rates the team has ever seen and they may not cover all of Surf City's costs. However, as described in the next two paragraphs, this low cost does not make up for the existing problems (the earlier recommendation for a hybrid department would transfer dispatch services).

The team found the existing software insufficient for management decision making. Because of the dual dispatching, there are two CAD databases. Neither Ship Bottom nor Surf City can merge the two databases to establish statistical averages for Ship Bottom. Thus, Ship Bottom has separate statistics for evenings and weekends (when it contracts for services) versus day hours. Furthermore, the team found dispatch response times ranging from 30 seconds to 12 hours because of both a software design issue and the improper data entry by the Surf City dispatchers.

The team monitored dispatching during the review. On several occasions we found the dispatching less than acceptable. On one occasion, the dispatcher returned incorrect information, and on another, the dispatcher would not contact an out of state motor vehicle department based on a six-hour old report that the respective state's computers were not working properly. The department indicated there were routine problems with dispatching. However they stopped maintaining complaint records in 1997 because they believed that elected officials were not interested in addressing the problem.

Recommendation:

It appears the borough has negotiated a low cost police-dispatching contract at the expense of service quality and data collection. This problem exists because the police have not fully evaluated its dispatching needs and developed alternative approaches that weigh service quality and costs to meet these needs. It is recommended that borough officials obtain the

needed expertise to perform such an analysis. The borough should contact the Department of Community Affairs to determine if this change would be eligible for REAP and REDI funds.

K-9 Unit

In 1997 and 1998, the borough contracted with a Ship Bottom patrol officer to provide K-9 services. At no expense to the borough, the patrol officer and canine was nationally certified as a narcotic detector dog. The borough had negotiated a good contract that minimized costs associated with the K-9 to \$500 for municipal insurance and compensatory time in lieu of overtime when the officer and canine were off duty and called into service. The team determined the annual K-9 cost of approximately \$1,800 for insurance and compensatory time, but produced productivity savings of \$5,775, as outlined below.

A review of the canine's service found that in 34 cases, the animal confirmed the presence of narcotics in 95% of cases, resulting in 23 arrests and the forfeiture of one vehicle. At the state police competition, the Ship Bottom K-9 unit scored a 99.8% success rate. The borough also used the K-9 unit for school demonstrations.

Under NJ State Law, police departments are entitled to forfeiture of property, vehicles or currency in drug cases. If a municipality contracts out for the K-9 unit from another local government, that municipality is entitled to share in the forfeiture. Conversely, any municipality requiring Ship Bottom's assistance results in Ship Bottom receiving a share of the forfeitures. From 1997 through 1998, the K-9 unit produced \$4,500 in forfeiture assets for Ship Bottom.

In 1999, the borough eliminated the K-9 unit. The team found some reluctance on the part of Ship Bottom police to call for K-9 assistance from other municipalities. This was based on the belief that the extra time and cost involved to call in a K-9 unit did not result in more arrests or seizures. The teams experience with K-9 units leads us to believe that they are effective and help to generate revenue when managed properly.

Recommendation:

The police should develop specific guidelines for the police to follow in deciding whether or not to call in a K-9 unit. Moreover, the cost effectiveness of using the K-9 unit should be monitored and procedures adjusted accordingly.

Towing

The police department tows approximately 40 cars each year to the DPW facility, 20 for impoundment and 20 for automobile accidents. Impounded vehicles tend to remain in the possession of the borough for 30 days and accident vehicles for approximately one week. The borough does not charge for storage fees. Using a daily storage fee of \$20, the municipality suffers a revenue loss of approximately \$14,800. In order to comply with the statutory requirements set forth in N.J.S.A. 40A:11-5(u) and N.J.S.A. 40:48-2.49, the borough should either issue a "no-preference bid" or use a tow list to insure rotation and fairness for local towing companies.

Recommendation:

It is recommended that the municipality adopt a storage ordinance for impounded and towed vehicles stored at the DPW facility for a revenue enhancement of \$14,800

Revenue Enhancement: \$14,800

Alarm Responses

Chapter 8.04 of the municipal ordinance book establishes the regulations for alarm systems. The term alarm system means “one that uses an outside audible sound or a silent alarm that uses a transmission system to contact a security company, the police or the fire departments.” It excludes standard home fire or smoke detectors. According to the ordinance, the “borough alarm administrator or representative is authorized at reasonable times and upon oral notice to enter any premises in the borough to inspect the installation and/or operation of any alarm device as official municipal business.” This includes fire and burglary alarms. Furthermore, all locations having a fire alarm must submit, in writing, the names, addresses and emergency numbers of persons to contact in the event that the alarm is activated. The borough alarm administrator shall maintain a compilation of such information and update and amend that information on a monthly basis. Finally, Chapter 8.04 specifies an alarm penalty and fee structure for repetitive false alarms.

The team’s review found that the borough neither maintains the list, nor was any office in the borough able to provide the team with the total number of active alarms or alarm systems. The ordinance does not specify a registration fee. In other reviews, the LGBR unit has seen ordinances that include annual registration fees for fire and burglar alarms, and that such an ordinance in Ship Bottom, based on a modest annual fee of \$25 and an estimate of 350 intrusion/fire alarms will generate a revenue enhancement of \$8,750. This revenue will easily off set the cost of a registration software program.

Recommendation:

It is recommended that the borough effectively implement its alarm ordinance (Chapter 8.04) and amends it to include a registration fee of \$25, for a revenue enhancement of \$8,750. The revenue enhancement will offset the cost a registration package and employee time to maintain the database.

Revenue Enhancement: \$8,750

Impact of Overtime on Staffing

The team analyzed the impact of overtime on staffing needs. Some borough personnel have suggested that it would be less expensive to hire an additional police officer rather than to pay overtime.

The borough negotiated overtime/compensatory rate of one and one-half hour for every hour of overtime worked. The chief of police, at his discretion, may award compensatory time in lieu of regular overtime until an officer accumulates 50 hours, at which time, the officer has the option to take additional overtime as pay. In 1999, Ship Bottom paid \$31,300 in overtime, plus it had

earned a total of 589 hours of compensatory time. The 589 hours had a monetary value of \$25,520. Therefore, the total 1999 compensatory/overtime liability was \$56,820 (\$31,300 + \$25,520).

In police operations, court duty represents a potential 648 hours of overtime/comp-time per officer (9 officers x 3 hours x 24 court sessions per year). This represents an annual potential cost of \$27,864. Using 1999 compensatory/overtime liability of \$56,820, the department has approximately \$30,000 left for department overtime. The 2000 average starting salary, benefit and administrative cost for a Patrolman 5th class is \$47,930. It would, therefore, be more expensive to hire an officer than to pay the overtime/compensatory costs.

Uniform Crime Report UCR

The New Jersey State Police annually produce the Uniform Crime Report on NJ municipalities. In Ship Bottom, in 1999, the total number of crimes per 1,000 population was 87.1, an increase from the 1998 UCR report of 73.9. Of the 1999 crime index total of 123, 114 were non-violent crimes of larceny and burglary. There were 28 cases of domestic violence. The following table provides a comparative view of Ship Bottom with other municipalities on Long Beach Island.

1998 & 1999 UCR Comparatives on Long Beach Island

Municipality	Crime Index per 1,000 population		Land Area (sq. miles)	Population	Size of Police Force
	1999	1998			
Barnegat Light	30	32	.70	719	*
Beach Haven	131	154	1.00	1,560	12
Harvey Cedars	18	20	.55	401	8
Long Beach Twp.	193	174	4.30	3,689	36
Ship Bottom	123	110	.71	1,412	11
Surf City	63	47	.65	1,476	12

*Contracts with Long Beach Township

Public Law 1998, c. 50 requires the New Jersey State Police (NJSP) to develop a formula for shore communities to adjust the crime rate according to population shifts. The adjusted mean population (AMP) formula includes rental housing units or in-vacant year-round housing. It does not consider day visitors, campgrounds, motels or visitors staying with friends or relatives. The following table outlines the adjusted mean population rate for Long Beach Island.

1999 UCR Adjusted Mean Population for Long Beach Island

Municipality	AMP Crime Rate per 1,000		Annual Mean Population for 12 Months	Seasonal Mean Population
	1998	1999		
Barnegat Light	23.8	21.9	719	2,608
Beach Haven	51.7	43.6	1,560	5,768
Harvey Cedars	17.4	15.5	1,165	3,056
Long Beach Twp.	18.9	20.6	9,350	22,644
Ship Bottom	46.3	51.4	2,394	3,928
Surf City	17.2	23	2,740	5,056

Based on the adjusted mean population, Ship Bottom ranks number one in 1999. Utilizing the 3,928 average seasonal population based on census records, and adjusting for the beach attendance in Ship Bottom, the team estimates the borough has a weekday average of 4,468 and a weekend average of 10,000 visitors. However, all residents and visitors entering or exiting the remaining municipalities must pass through Ship Bottom. The team estimates this number to be roughly 50,000 to 70,000, excluding major holidays. Therefore, the team believes that having the highest crime rate on the island is due to these factors, which are difficult for the borough to control.

Consolidated Police Services

In addition to providing the borough with modest alternatives to have a properly staffed police force, the team provided bolder alternatives because of the unique situation on Long Beach Island. Having five police forces (one of the municipalities contracts for police services) on a 7.91 square mile island presents unique opportunities for consolidating police services. In fact, the issue of consolidation emerges every few years, and has been studied by both the State of NJ in 1985 and by Long Beach Township in 1994. A new factor that may influence the success of a consolidation effort is the REAP and REDI funds that are now available from the state. These grants provide funds to study and implement consolidated and shared government services and to provide yearly tax relief for residents of participating municipalities. Information on these grants is presented in more detail below.

To receive input from key stakeholders regarding police consolidation, the team interviewed four of the five mayors on the island. The team acknowledges that numerous political differences exist on the island. However, the mayors generally support the idea of consolidation. A multitude of issues need to be resolved, but all seemed to support the idea of having an outside, independent, and experienced, consultant study the issue. Such a study would require the support of each municipality. Furthermore, the team's interviews with these mayors, other elected officials and residents from the island also found general agreement that the current system is probably expensive, illogical and even dangerous. For example, Barnegat Light (at the northern end of the island) contracts for police services from Long Beach Township (at the southern end of the island). When an emergency occurs in Barnegat Light, sometimes the Long Beach Township police have to drive through four towns to get to the scene. In the summer season this can be particularly dangerous.

The LGBR team presents three alternatives to consolidate the Ship Bottom police. Because a merger of police forces impacts court operations, the cost to merge courts is included.

Consolidation Alternative I - Contracting out with Long Beach Township

This alternative involves dissolving the Ship Bottom police force and contracting with Long Beach Township for police services, the only department on the island with the resources and infrastructure to handle the borough. Based on the 1999 audit summary and adjusting for administrative overhead, the Ship Bottom police force cost residents \$1,262,623 for salary and wages, maintenance and operations, and administrative costs. The team estimates a contract cost of \$980,000, saving the borough approximately \$282,623. The team believes that adding another borough to Long Beach Township's list of contracted police services would decrease the

number of times that the Long Beach Township police have to drive through towns on the northern end of the island. This is because a car would probably be assigned to the Ship Bottom, Barnegat Light area.

Consolidation Alternative II - Merging the Ship Bottom and Surf City Police Departments

The team analyzed the merging of the Ship Bottom and Surf City police departments. An elected official, who proposed this option, recognized that a joint facility would have to be constructed on the 4th street recreation fields. The team had the opportunity to observe the Surf City police department facility while discussing the dispatching services between the two municipalities and agrees that a merger of the two police departments would require a new facility, updating the fleet, and a new communications/CAD system. These costs are discussed below.

The LGBR team determined that a new police facility that adequately meets the needs of a joint department would cost the residents of Surf City and Ship Bottom approximately \$2,374,923 including interest, but not including a recurring maintenance and operating expense (M/O) of \$27,933. If the team factors in the cost of merging the courts, the two municipalities will increase costs including interest to \$3,440,853 and \$45,453 in maintenance and operational expenses. The borough should expect administrative costs associated with bond issuance of approximately 10%, adding an additional \$200,000 to \$250,000 to the cost based on the building. Using a state facility model, we identified a 6,207-sq. ft. facility for the police and 10,439-sq. ft. for a joint police and court facility. The following table outlines a cost estimate.

Construction Cost for Joint Police or Police/Court Facility

Description	Police Facility		Police and Court Facility	
	Ship Bottom	Surf City	Ship Bottom	Surf City
Municipality				
Cost (15-yr. Bonds)	\$1,656,928		\$2,400,602	
Interest on bonds	\$717,995		\$1,040,251	
Legal Costs	\$200,000		\$250,000	
Total	\$2,574,923		\$3,690,853	
Fiscal Impact per year (including M/O)	\$114,000	\$95,000	\$190,000	\$142,500
Impact on tax rate (Including M/O)*	.03	.02	.05	.03

* Penny on the tax rate = \$38,000 for Ship Bottom and \$47,500 for Surf City. The team divides the cost between the two boroughs using 60% for Ship Bottom and 40% for Surf City since Ship Bottom will have a larger impact on police services. Bond and interest costs are based on a 15-year issue.

The cost estimate excludes construction modifications required due to the island climate. After all of the negotiation issues are resolved between the two boroughs, the team feels both towns may realize a savings from a smaller police force. However, these savings are easily off set by the cost of a new facility, new vehicles, a new communication system and costs associated with establishing uniform police and court ordinances.

The team cautions that there may not be a net facility savings for either Ship Bottom or Surf City since existing structures in each municipality will be used for other purposes. Furthermore, the team did not determine personnel savings because it did not have access to Surf City police data, and any consolidation might involve collective bargaining issues.

Consolidation Alternative III - Long Beach Island Joint Meeting

The following table outlines the five departments on the island (recall that Barnegat Light contracts with Long Beach Township):

Police Department	Area (Sq. Mi.)	Officers	Civilians	Total Police Employees
Barnegat Light	.70	0	0	N/A
Beach Haven	1.00	12	5	17
Harvey Cedars	.55	8	0	8
Long Beach Twp	4.30	36	8	44
Ship Bottom	.71	11	1	12
Surf City	.65	12	4	16
Totals	7.91	79	18	97

*Based on 1999 UCR

Long Beach Township has a new building with more than adequate police space, new equipment, and a good mix of new and moderately used vehicles. For example, its communication equipment currently covers the entire island. Extensive study would be required to determine what changes would be required to have an island wide police force operate from Long Beach Township. However, it is conceivable that building and communication equipment needs may be modest. In addition, compared to the current situation, it is reasonable to believe that consolidation would result in significant savings through the reduction of personnel (particularly superior officers, line supervisors, as well as patrolmen), vehicles, facilities, dispatching, communication systems, and overhead costs for personnel record-keeping, contract negotiations and fringe benefits.

The Inter-local Services Act (N.J.S.A. 40:8A-1 et. seq.) empowers local government entities to enter into a contract with each other to provide municipal services (see Appendix 6). An alternative, a joint meeting authority as set forth in the Consolidated Municipal Services Act, N.J.S.A. 40:48B-1 et. seq., enables each municipality to appoint one representative to a board that governs police operations and must be fully funded by participating municipalities. Under N.J.S.A. 40:48B-1 et. seq. a “joint authority” is established as a separate and district public entity. Long Beach Township studied the idea of a joint meeting study in 1995 and determined that island wide savings would be approximately one million dollars. The team reviewed the study and believes that these savings are conservative.

The team believes that given the 7.91 square miles, a consolidated department presents the best option and should be further studied through a REDI and REAP grant through the Division of Local Government Services. The grant will provide \$25,000 for a consolidated study and pay 90% of any costs over that amount. In the past, any attempt at consolidation met fierce political

resistance. An in-depth review by an outside, independent consultant, paid largely through grant funds, should provide a strong incentive for the island's governing bodies to initiate a study of the amount of savings taxpayers will receive from police consolidation.

Recommendations:

Long Beach Island has five municipal police departments patrolling a land area of 7.91 square miles. This is an inefficient use of taxpayer dollars. It is, therefore, recommended that Ship Bottom, in conjunction with the other municipalities on the island, apply for REDI and REAP grants to have an outside, experienced consultant study police consolidation. In addition to the savings from a consolidated police department, the State of New Jersey will provide direct property tax savings to the taxpayers on the island.

It is also recommended the six municipalities include exploring the merging of the municipal courts on the island as part of the REDI and REAP grants (see the court section of this report which documents the efficiency challenges facing small courts with seasonal workload changes).

ANIMAL CONTROL SERVICES

The borough contracts annually with a private company for animal control and emergency services. In 1999, expenditures for this contract totaled \$6,665. The service provides marked vehicles, equipment and their own insurance. The company provides service 24 hours a day, seven days a week. The control service includes patrolling and picking up of all stray and licensed dogs found loose in the borough. When the dog's owner is not known, the dog will be taken to the Ocean County Animal Facility in Manahawkin. Cats are usually handled in response to a citizen complaint. The service will deliver unwanted dogs and cats to a shelter for a pick-up fee of \$25 plus the shelter fee.

Emergency services include a biting or attacking animal, suspected rabid animal, and any animals struck by vehicle but still alive. The company takes any suspected rabid animal to the appropriate facility for testing and quarantines any biting animals.

The animal control report for 1999 is as follows:

Animal Control Calls	114
Animal Patrols Conducted	58
Cats Captured & Delivered to Shelter	24
Dogs Captured & Delivered to Shelter or Returned to Owner	9
Animal Complaints Investigated	16
Various Animals and Birds Captured	15

Ship Bottom contracts annually, at a fee for service rate, with the Ocean County Board of Health for using the Ocean County Animal Shelter for confining, receiving, and housing these animals. The shelter does not take sick or injured animals; they must be taken directly to a veterinarian for

care. The shelter holds all animals that are involved in “bite” cases for 10 days, as required, for observation from the day on which the bite occurred. The shelter is available to receive animals on a 24 hour, seven-day a week basis. All required records are maintained by the Ocean County Board of Health and are available for inspection by authorized municipal officials.

The shelter collects allowable costs from owners of dogs being reclaimed. There is no charge to the municipality when the owner reclaims a dog or cat.

The team believes that these animal control services operate effectively and at a reasonable cost.

VOLUNTEER FIRE SERVICES

Fire protection services are provided through the Ship Bottom Volunteer Fire Company No. 1, Inc. Organized in 1922, the department is a fixture in the community with, annual fund raising activities including a carnival and circus. Relations between the borough and the fire company are best described as cordial. While the fire company declined to participate in the review, they did provide the team with a tour of their facility and the philosophy of their organization to remain independent.

The borough makes annual contributions to the fire company. In 1997, it received approximately \$35,300. A similar amount was received in 1998, \$40,500 in 1999, and the same amount in 2000. After receiving the contributions, the fire department files a statement indicating the distribution of the donations. According to filed documents, the company uses the borough’s funds for utilities, insurance, facility maintenance, and loan payments. In 2000, the borough provided a “bonus” of \$25,000 to the fire company for purchasing a new \$450,000 apparatus, with minor financial assistance from the borough.

The LGBR team commends the Ship Bottom Volunteer Fire Company for its dedication and determination to remain financially independent through fund raising, and should serve as an example for other volunteer fire departments in the State of New Jersey. Through fund raising the department saved Ship Bottom residents \$425,000 (\$450,000 minus \$25,000 bonus).

The borough currently uses an image of a half-sunken ship as the borough symbol on letterhead, municipal-owned vehicles, and various uniforms of the police department. According to a local historian, the image has become the symbol of Ship Bottom. However, since the image was copyrighted by the fire department, the borough must have their permission before using it. The department has a policy that restricts the borough from using the image for monetary gains. Subsequently, at sponsored community events, the borough must either adopt another symbol or not sell paraphernalia that would otherwise help the municipality fund part of the cost of the event.

Recommendation:

Since the Ship Bottom image has become the “historical,” representative emblem of the borough, and the borough provides the fire department with a minimum contribution of \$38,000, the team recommends that the borough ask the fire department to grant the borough licensing rights for use at municipal events and paraphernalia.

First Aid Squad

The Beach Haven Volunteer First Aid Squad provides emergency medical services to the Borough of Ship Bottom. The squad operates a facility in Beach Haven and Ship Bottom. In return, the borough annually contributes \$23,000. In 1998 and 1999, the squad averaged approximately 225 responses in Ship Bottom.

During the review, the team received extensive complaints about the response time of the first aid squad. During routine patrol rides with the police department, the team was able to verify the delayed response time of up to 30 minutes. The issue of volunteerism and its unfortunate diminishing force has become a national issue. In order to deal with this issue, the beach patrol and police departments have begun training employees in first aid. However, these individuals cannot replace the expensive training and equipment of the first aid squad.

The team met with the first aid squad and recommended that they begin insurance billing. Insurance billing involves setting up a non-profit personnel corporation under the first aid squad, employing a billing service to only bill insurance companies, and contracting with first aid personnel to staff the volunteer squad facility(ies). Contracted employees are generally paid \$7 per hour and do not receive benefits, since most would only work one or two days a week. Based on the per call insurance average of \$250 and the increased seasonal population, the team feels the squad should be able to generate enough revenue to provide paid day coverage to the island year round.

Recommendation:

It is recommended that the borough contact the Beach Haven First Aid Squad to discuss the issue of response time in the borough. The discussion should include alternative options to providing proper coverage on the island, including insurance billing.

DEPARTMENT OF PUBLIC WORKS

The department of public works (DPW) occupies an area on 6th Street between Central and Barnegat Avenue. Two pre-fabricated metal buildings have been erected on this property and house the department, which is staffed by five individuals on a year round basis. This staff is supplemented during the summer with two additional persons. One building is used to house the foreman's office, a maintenance shop and storage. The second building is used primarily for storage of equipment that is used infrequently. The items stored in the second building include

beach equipment, rescue craft, asphalt spreader, 10-ton roller dump truck with slide-in sander and plow, quads and other related items. Also located on this site is the borough's gasoline and diesel fueling facilities.

Managing DPW Work

The department does not utilize any form of job ticket or work order system. Therefore, the team was unable to accurately allocate costs to specific functions within the department. The team made observations of how personnel were being utilized based upon the work being performed and is making allocations based upon those observations. This allocation appears later in this narrative.

Recommendation:

The borough should invest in a computerized work order/time tracking hardware and software system. Work orders could then be generated that would accurately track the labor and material cost of each function within the department.

One-time Value Added Expense in Hardware and Software: \$1,500

DPW Facilities

The property is "L" shaped, containing 64,000-sq. ft., equaling approximately 1.5 acres. The primary building contains 5,100-sq. ft. with the storage building taking up 2,550-sq. ft. Therefore, the borough has a potential for open storage of 56,350-sq. ft. or 88% of the land area. The property is assessed by the borough, adjusted to the county equalization formula, at \$643,773 for the land, and \$121,121 for improvements for a total of \$764,894.

The team observed that the roofs on both buildings leak to a moderate degree and, as a result, the team is concerned about potential damage to equipment stored in them. Housekeeping in the buildings is poor, with equipment strewn about. In the primary building, used tires are piled on one side making movement difficult and creating a fire hazard. The emergency wash down station is sometimes blocked with equipment.

Outside storage is used for borough vehicles, some of which are in a state of extreme disrepair, impounded vehicles, borough equipment and various other items. The entire area is poorly maintained with weeds growing throughout, and all of the aforementioned items strewn about in an unorganized manner. As a result of observations and measurements, the team concluded that the borough is utilizing more land than is necessary for the efficient operation of the DPW. The team feels that given the size of the borough, the amount of equipment, and vehicles owned, if the area was better organized, the borough could divest itself of some of the excess land.

Recommendations:

The borough should sub-divide the western section of the DPW yard approximately 10 ft. west of the main building. This would create four residential building lots, three of which would measure 60 x 100 and the fourth 70 x 100 (see Appendix 7). Applying the current assessment for residential properties in this zone to these lots using the county equalization formula, it is conceivable that the borough could anticipate receiving \$430,970 from the

sale of this property. However, to avoid overstating revenue, the team will reduce the anticipated revenue by 15%, leaving a conservative one-time revenue enhancement estimate of \$366,324. Once these lots are sold via auction and residential properties constructed on them, the borough could assume that the equalized average assessment for residential property lots in this area would be \$77,587. Taking the 1999 local purpose tax rate and applying it to the four properties in question, and assuming an average ratable value for the lot and home, the borough could anticipate an on-going revenue stream of approximately \$3,714 due to local purpose taxes alone. It should be noted that the lots that are proposed are compatible with others in this zone and comply with the current zoning ordinance.

One-time Revenue Enhancement: \$366,324
Annual Revenue Enhancement: \$3,714
(Local Purpose Tax Revenue Only)

Staffing

Staff in the department of public works with the appropriate 1999 position value is as follows:

Staff	1999 Position Value
Foreman 1	\$72,156
Foreman 2	\$59,875
Laborer	\$35,988
Laborer	\$35,183
Laborer/Operator	\$35,667
Laborer/Operator	\$51,991
Summer Help	\$7,574
Summer Help	\$7,717
Total Full-time Personnel	\$306,151

According to the department, salary and wages are distributed among department responsibilities as follows:

Staff	Beach M&R*	Equip. M&R	Road M&R	Total
Foreman 1	-	100%	-	100%
Foreman 2	6.7%	76.2%	17.1%	100%
Laborer	93.6%	-	6.4%	100%
Laborer	100%	-	-	100%
Laborer/Operator	3%	-	97%	100%
Laborer/Operator	66.8%	-	33.2%	100%
Summer Help	100%	-	-	100%
Summer Help	100%	-	-	100%

* M&R equals maintenance and repair.

Recommendation:

Based upon interviews and observations, the team recommends that a more realistic distribution of DPW labor costs that would more accurately reflect actual time spent on the various job functions would be as follows:

Staff	Beach M&R	Equip. M&R*	Road M&R	Total
Foreman 1	33%	34%	33%	100%
Foreman 2	12%	78%	10%	100%
Laborer	10%	85%	5%	100%
Laborer	10%	85%	5%	100%
Laborer/Operator	10%	80%	10%	100%
Laborer/Operator	10%	80%	10%	100%
Summer Help	25%	70%	5%	100%
Summer Help	25%	70%	5%	100%

*Equipment Maintenance and Repair includes all borough property and vehicle maintenance.

It should be noted that, if the borough implements the recommended time tracking hardware and software mentioned earlier, it would then be able to accurately distribute labor and material costs to the appropriate area. This procedure would enhance analysis and improve overall management, resulting in an enhancement in productivity.

Street Sweeping

The Borough of Ship Bottom is approximately .7 square miles, with approximately 18.3 miles of roadways. Of the 18.3 miles of roadways, 3.3 are county and 1.08 are state, leaving 13.92 under direct borough control. For purposes of this report, we will consider 14 road miles or 28 sweeping miles of streets under borough control. The borough has an inter-local service agreement with Ocean County for street sweeping services. The agreement provides that the county will charge \$57 per hour for the sweeper and the motor broom operator. Considering a sweeper travels at approximately 2.5 miles per hour, and allowing time for water fill ups and dumping of debris, one sweeper is capable of completing approximately 15 sweeping miles or 7.5 road miles per day. This benchmark allows the borough to sweep all streets that it is responsible for in about two days. Therefore, the cost to the city using the current system is approximately \$855 per sweeping or \$2,565 per year, if done three times per year. LGBR has identified that street sweeping can be privately contracted for about \$40 per road mile. Therefore, using a private contractor the borough, with 14 road miles, would incur a cost of approximately \$560 per sweeping or \$1,680 per year for three sweepings. Using a private contractor could save the borough \$885 per year for three sweepings. A significant issue in Ship Bottom relating to street sweeping is that there is no ordinance in place that limits parking during sweeping periods. A vehicle parked on streets being swept limits the efficiency of the operation.

Recommendations:

The borough should consider obtaining the services of a private contractor to sweep the borough streets.

Cost Savings: \$885

The borough could consider adopting an ordinance that will provide for alternate side of the street parking. This will make it possible for the street sweepers to do their job in an efficient manner. The ordinance should be well publicized and signage installed to adequately inform the residents of the sweeping times. The police department should enforce this ordinance.

Street and Road Maintenance

DPW is responsible for maintaining borough streets. To accomplish this task the borough has an inter-local service agreement with the county to provide various materials and equipment. As a result of an inspection of borough streets, the team determined that the streets are in good condition. The borough also owns a 10-ton asphalt roller, a small roller and an asphalt spreader to repair and overlay the streets. It is uncommon for a community that is less than one sq. mi. and has approximately 14 miles of local streets to possess this type of equipment. The team believes that the borough should consider privately contracting permanent road patching, as referred to in the street opening permit section of this report. The borough should also contract all major road construction or re-construction to another agency or private contractor. The team believes that it is not cost effective for the borough to own road equipment that is used on a very infrequent basis. The team would normally factor in the cost of labor and material associated with major road construction or re-construction work. However, since the borough does not maintain records by work function, the team will not attempt to quantify this savings.

Recommendation:

The borough should contract permanent road patching to a private contractor as described in the street opening permit section of this report. The borough should also contract heavy road construction and/or reconstruction to another public agency or private contractor. Finally, the borough should dispose of the 10-ton roller, asphalt spreader and small roller. The team conservatively estimates that the market price for the two rollers and spreader is \$20,000. In addition, an insurance savings and maintenance savings would be approximately \$1,281 and \$1,000 annually.

One-time Revenue Enhancement: \$20,000

Annual Insurance and Maintenance Cost Savings: \$2,281

Street Openings

Ship Bottom has an ordinance in place that provides for the payment of a street opening permit fee of \$75. This ordinance was last updated in 1986. In recent years, the only applicant has been the borough's natural gas utility. The number of permits, the size of the openings and the amount of revenue that has been received from this utility from 1997 through 1999 appears in the table below:

Year	No. of Permits	Size in Sq. Ft.	Total Receipts
1997	22	1,056	\$1,650
1998	70	3,360	\$5,250
1999	69	3,312	\$5,175
Total	161	7,728	\$12,075

The ordinance contains a provision that the applicant shall post a bond to indemnify the borough for any costs incurred. The team requested a copy of the bond but the borough clerk could not locate any bond that had been posted for this purpose.

Recommendation:

It is recommended that the clerk should be more familiar with ordinance requirements and help to ensure that they are complied with. The current effort to update the codebook will help this to occur.

The ordinance requires the applicant to restore the street under the direction of, and to the satisfaction of, the city engineer. In practice, the team determined that the foreman in the department of public works, and not the engineer, performed the inspection/supervision function. Street opening permit forms are filled out in the city clerk's office. Upon payment of the fee, the clerk faxes a copy of the permit to the DPW foreman for review and follow-up. The team acknowledges that by requiring the utility to return the street to its original condition it relieves the borough of any repair costs. However, this practice could lead to liability exposure and potential inconsistencies in the quality of the repair(s).

Over the last three years, the local water and sewer utility street openings in the borough totaled 2,973 square feet (see table below).

Year	Water	Sq. Ft.	Sewer	Sq. Ft.	Rprs.	Sq. Ft.	Revenue
1997	4	36	4	192	9	432	\$0
1998	8	72	7	336	4	192	\$0
1999	9	81	10	480	24	1152	\$0
	21	189	21	1,008	37	1,776	\$0

The local water and sewer utility does not charge the customer a fee, or make any payment to the borough for these street openings. The local water and sewer utility uses a temporary cold patch, which is then permanently repaired by the borough at local taxpayer, rather than rate payer, expense (this distinction is important and is discussed in the beginning of the water and sewer section of this report).

The team conducted an analysis to determine the cost incurred by the borough and, therefore, the local taxpayer, without any off-setting revenue, to hot patch the openings that were made by the local water and sewer utility. To do this the team considered the following:

- average size and depth of the opening;
- average time it took to complete a hot patch;
- labor costs of a three person crew;
- time incurred for administration; and
- cost of material and equipment including rental equipment from Ocean County.

The total cost incurred by the borough to install a permanent hot patch for the past three years is detailed below:

Labor	Admin.	Material	County Equip.	Boro. Equip.	Total Cost	Cost per Sq. Ft.
\$12,164	\$1,580	\$3,950	\$5,530	\$2,765	\$25,975	\$8.75

The analysis indicates that the taxpayer has subsidized the local water and sewer utility by approximately \$25,975 over the last three years. Another issue that should be considered is the borough, in requiring the gas utility to independently repair city streets, does not have control over the quality or timing of the repair. Therefore, those repairs may not be done at a level that meets or exceeds borough standards.

Recommendations:

The borough should consider taking responsibility for all street-opening hot patches in order to control the quality and timing of these repairs (the team assumes that revenues will remain constant from the gas utility).

In order to accomplish this economically, and in such a manner to relieve the taxpayers from the burden of the cost, the borough should annually bid the cost of hot patch repairs to a private contractor. This bid should be submitted on a per square foot basis and contain a clause that will have the contractor perform these repairs on an as needed basis. The team is aware of another community that obtained a bid price of \$6.50 per sq. ft. versus the \$8.75 the team estimated it cost the borough to perform the same function.

Once the borough has a cost per square foot contract, the cost of the street opening permit should equal this cost, plus a modest amount to cover the cost of administration. If this procedure had been in place during the last three years, total revenue from the water and sewer utility would have been increased by approximately \$6,680 (\$2,226 per year).

A \$12,164 (\$4,054 per year) productivity enhancement in the DPW would result from eliminating the DPW labor costs associated with the water and sewer utility street openings.

Revenue Enhancement: \$2,226
(Municipal Water & Sewer Utility Permits Only)
Productivity Enhancement: \$4,054

Fuel Facilities

The borough purchases its gasoline and diesel fuel from a state contract vendor. The fueling facility is located to the west of the main public works building, and is comprised of two above ground tanks, one gasoline, and the other diesel fuel. The equipment at the fueling facility is unsightly and should be improved.

The team performed a trend analysis of the gasoline and diesel fuel purchased over the last three years from records provided by the finance department. The results of this analysis appear in the chart below and reflect total amounts purchased, including the water and sewer utility.

Year	Gal. Of Gas.	Prch. Amt.	Avg. per Gal.	Gal. of Diesel*	Prch. Amt.	Avg. per Gal.
1997	16,033	\$13,797	\$.8605	3,790	\$2,602	\$.6865
1998	14,509	\$8,732	\$.6018	3,055	\$1,650	\$.5400
1999	12,397	\$8,777	\$.7079	2,240	\$1,680	\$.7500

*Based on a review of delivery records. The team could not identify the reason for the usage reductions.

Borough employees fuel their vehicle when needed and manually record the amount on a ticket that is kept in a small room off the main DPW building. During evening hours, the room is locked on the inside, restricting access to the main building, with access only from the outside. The completed cards are dropped in a locked box. These cards are collected periodically and kept in the DPW office. The DPW foreman historically would break down usage by department, transmitting this information to the finance office, where payment would be allocated to the appropriate department budget. This method may be helpful for budgetary reasons but it is only marginally useful as a management tool. No master record is maintained regarding fuel consumption by vehicle, and no reconciliation takes place. The cards are simply filed.

The team is concerned about the procedure used to dispense and account for fuel usage. The team believes fuel consumption records should be maintained for individual vehicles that should reconcile to a master record of fuel delivered. This method would provide a management tool and a level of fuel accountability that is currently unavailable. This could easily be accomplished using the computer system referred to in the beginning of this section. A monthly report should be generated reflecting the fuel used by each vehicle, miles and/or hours that were put on each vehicle, including the operator's name.

The fueling area is located on the land that the team is recommending for sale. However, the team believes that the tanks could easily be relocated to the area between the two buildings, facilitating the sale of the property to the west of the main DPW building.

Recommendations:

Relocate the fuel tanks to the east of the main DPW building to facilitate the sale of excess land.

The borough should maintain detailed fuel consumption records for each vehicle, which should then be reconciled to a master record to account for total fuel consumption.

A monthly report should be generated and submitted to the BA/CFO reflecting, at a minimum, the operator(s), miles or hours, fuel used per vehicle, and cost per vehicle.

VEHICLE MAINTENANCE

The borough has one mechanic serving in the job title of foreman II. As with many staff in Ship Bottom this person is multi-tasked and serves in other capacities as well. For example, during

the summer months, this person operates the beach rake. It was reported to the team that the foreman I also performs vehicle maintenance periodically, although this was not observed by the team.

The team examined vehicle maintenance records in DPW and ascertained that the mechanic manually maintains reasonably good documentation for each vehicle in regard to parts purchased and used on a specific vehicle. The team also examined borough finance department records and determined that approximately 7% of total vehicle maintenance costs were derived from sub-contracted outside repair agencies. However, there were no entries that documented the amount of in house labor that was spent repairing or maintaining borough vehicles. The team performed an allocation of labor costs as they relate to vehicle maintenance based upon interviews, observations and benchmarks that have been developed by LGBR. The total cost as they relate to vehicle maintenance appears in the table(s) below.

Year	Sub-Contracted	In-house Parts	In-house Labor	Total
1997	\$5,933.36	\$14,118.27	\$54,876.36	\$74,923.99
1998	\$6,205.77	\$10,992.47	\$59,647.40	\$76,845.64
1999	\$4,971.85	\$11,307.26	\$71,235.54	\$87,514.65
3 Yr. Total	\$17,110.98	\$36,418.00	\$185,755.30	\$239,284.28

It should be noted that the above analysis includes vehicles from the water and sewer utility. While the utility paid directly for parts used on their vehicles, labor was being absorbed by the borough and the taxpayer as opposed to the rate-payer (this issue is discussed in the water and sewer section below).

The team did a further analysis of the cost of vehicle maintenance as it relates to each department. The result of this department breakdown appears in Appendix 8. The costs do not reflect insurance or fuel expenditures.

A review of this information, interviews with mechanics and a review of vehicle records lead the team to conclude that mechanics performed the majority of the work on the vehicles that came into the borough's garage and they did a reasonably good job, especially considering the age of the vehicles. In cases where the work was in excess of the borough's capabilities, it was contracted out. An example of this kind of repair would be a transmission overhaul, or electronic issues, which required specialized diagnostic equipment the borough did not possess. The team also determined that there were only a handful of instances where a vehicle was out of service for more than the day after it was brought in for maintenance or repair.

From a vehicle list given to the review team, it was determined that there were 38 vehicles and heavy equipment machinery owned by the city, including five vehicles in the water and sewer utility. The team discovered some vehicles were present at the DPW yard but did not appear on the vehicle list. A complete list of vehicles appears in Appendix 9. Additionally, there are several other items not deemed to be vehicles, i.e., trailers, rescue boats, small equipment, etc.

Maintenance work does not appear to be performed on vehicles in any organized or scheduled manner, although it was represented that the equipment operators are conscientious when it

comes to checking fluid levels and lubricating their equipment. There is a small stock on hand of basic parts that the mechanics can use, but the majority of parts are purchased on an as-needed basis through area parts stores.

Recommendations:

Each vehicle should have an individual maintenance “logbook.” Any work that is done on any borough vehicle should be recorded by the mechanics in the vehicle’s maintenance logbook, no matter how minor; to accurately reflect the costs associated with each vehicle. This information can be utilized to effectively determine a vehicle’s useful life. These records can substantiate the amount of time that mechanics work on vehicles, which as noted above, is not currently done. It is essential that the borough establish a comprehensive vehicle maintenance program that includes complete records for each vehicle. The program should be coordinated by DPW and all departments should be required to participate. Each mechanic’s time should be tracked and time spent on other than vehicle maintenance should be documented. This information should be maintained electronically. There are a variety of specialized software programs that are capable of tracking this information at a reasonable cost. The borough should consider the purchase and require utilization of a computer software package that will maintain these records.

One-time Value Added Expense: \$500

The team further recommends that the borough consider modifying the mechanics’ work schedule so that equipment “down time” is minimized. If maintenance is performed during non-daylight hours so that the equipment is available during the traditional work time, this would result in a substantial increase in productive time and also allow for a greater measure of security for the public works area.

The team also recommends that the borough track the cost of vehicle maintenance on a regular basis. Due to the small number of vehicles that the borough owns, it is unlikely that it would be able to contract with one of the private fleet maintenance providers. It could, however, consider contracting with a neighboring municipality for vehicle maintenance service. This could be considered for future implementation.

Vehicle Replacement

The borough does not have an effective vehicle replacement plan. The borough purchases vehicles on an as-needed basis, after they have used them well past their useful life. The borough does not determine whether it is more expensive to continually repair a vehicle or piece of equipment versus the costs of purchasing a new one. An example of this is the borough mechanic spent, what the team considers an excessive amount of labor and parts during the winter of 2000, repairing a truck that had served well past its useful life. The DPW foreman noted that parts were difficult to locate due because of the vehicle’s age.

The team observed many of the borough’s vehicles and equipment seem to have been used past their useful life. By not planning for vehicle replacement and just purchasing vehicles as-needed, essentially on an emergent basis, the borough is being held captive to the costs associated with vehicle replacement. Instead, the borough should take a pro-active, planned, and

more cost-effective approach. The team attached a list of vehicle mileage limits that are used by different public and private agencies in Appendix 10. The borough can use this list use to establish a fleet replacement plan and policy.

Recommendation:

The borough should regularly (at least annually) analyze vehicle maintenance and repair information for all of the borough's vehicles. This will allow the borough to appropriately plan for vehicle replacement including the associated costs. This analysis should also determine if each department's fleet size is appropriate.

Snow Removal

The average snowfall for Ocean County measured at Toms River ranges from an average low of 2.6 inches to an average high of 5.5 inches per month.

Ship Bottom holds one F-600 dump truck in reserve, on a year round basis, in a garage, with a plow and slide-in spreader/salter mounted on the truck. This truck is not used for any purpose other than snow removal or sand/salt spreading. A slide-in spreader is designed to be stored until needed, at which time it would be mounted on a truck for use. Leaving the spreader and blade permanently mounted on a truck used for no other purpose is an inefficient use of equipment. The borough also has eight additional snowplows stored outside in the public works yard. This brings the total to nine plow blades owned and available for use by the borough. The team believes that this is an excessive number of plows for a community the size of Ship Bottom, with a low amount of snowfall and a low number of street miles to plow. An analysis of the market determined that snowplows are bringing as much as \$2,000 each. The team determined that three dependable and operational plows are more than sufficient for Ship Bottom.

Recommendations:

The borough should dispose of six plow blades through auction. In order to be conservative, the team will estimate one-half the market value as a realistic amount that would be realized.

One-time Revenue Enhancement: \$6,000

The borough should also dispose of the one truck that is only used for snow plowing. The team conservatively estimates that the borough would receive \$1,000 for the truck with additional \$427 annual savings from a reduction in insurance costs. The slide-in spreader/salter should be regularly maintained, tested and stored for rapid use.

One-time Revenue Enhancement: \$1,000

Cost Savings: \$427

Excess Vehicles

In addition to the vehicles already noted in this report, the team analyzed the number and types of other DPW vehicles that the borough owns. The team considered the size of the borough and the number of employees in DPW and the water/sewer utility. The team concluded that Ship Bottom could adequately provide all necessary services with fewer vehicles. Based on the

condition and use of the vehicles, the team believes the vehicles listed in the table below could be disposed of without any reduction in the level of service. In addition to the revenue to be derived, the borough will experience a reduction in the cost of insuring this property.

Description	Current Use	Estimated Value
1965 Allis Chalmer Bulldozer	Out of Service	\$400
1986 F-350 Flatbed	Beach Truck	\$500
1980 Dodge Power Wagon	Not Listed on Veh. List	\$500
1988 Chevy Caprice	Parts Car	\$250
1977 Ford Dump Truck (W/S)	Out of Service	\$300
Various disassembled vehicles in yard	None	\$300

Recommendation:

The borough should dispose of the excess vehicles that appear in the table above.

One-time Revenue Enhancement: \$2,250

Cost Savings: \$2,010

BUILDINGS AND GROUNDS

Facilities

The borough operates five primary facilities; the main municipal facility on Long Beach Blvd., the DPW on 6th Street, water/sewer facilities on 17th Street and 14th Street, and the beach patrol house on 26th Street. In addition, there are two small shed facilities at the park and recreation area on 6th Street and the boat ramp on Shore Avenue. The borough leases approximately 4,000-sq. ft. of the main municipal building to the United States Postal Service.

In 1967, the borough leased 8,875-sq. ft. of building and grounds at the main municipal facility, and an additional 1,250-sq. ft. of joint access rights at a per annum rental rate of \$6,000 per year. The agreement called for six five-year renewal options with a decrease in rent to \$5,300 for the final three, five-year terms. Using the consumer price index, the postal service should be charged approximately \$27,000 a year instead. The post office has the responsibility for all heating, lighting, and air conditioning and retains the right to remove all property and upgrades to the facility paid for by the postal service.

The team was not able to develop cost breakdowns between facility maintenance and grounds because the borough lacked appropriate records. The team does not consider this a major impediment to the review as the geography of the borough at the seashore, the planned facility modifications, and the mostly built-out town limits the amount of time and resources required for grounds.

The team toured all facilities and found them in generally good order, with the exception of the main municipal building and the harbor master facility at the boat ramp. As noted, the DPW building is discussed in that section of this report. Comments on the main municipal building are

limited due to the pending vacancy of the post office and the planned modifications. Both the borough and the team recognize the existing municipal hall does not meet the needs of the community.

Expenditures

According to borough records, the municipality expended \$57,346, \$40,481, and \$41,078 on public building and grounds operational expenditures for calendar years 1997, 1998, and 1999. The borough reported that expenditures on the municipal facility have been minimal, pending the relocation of the post office.

Borough Hall

In 1998, the borough had an outside consultant perform an inspection of the main borough hall. Findings included; rusted natural gas pipes on the roof, separation of mortar and walls, water soaked fascia, and improper drainage of the roof. In addition, the team found numerous roof leaks, including two severe leaks in the police department. The team also noticed that the area of the clerk and mayor's office permeates with a musty smell if the heater or air conditioners are not operating. The borough informed the team of its intention of addressing these issues once the post office vacates the building.

In 2000, the borough created a facilities committee to review borough options once the post office relocates. The committee concluded that the borough hall has 10,082-sq. ft. of interior space and estimated that the borough needs only 8,738 sq. ft. The study did not consider heating and HVAC needs, state required archival storage, hallways, and a lunchroom. According to the architectural blueprints, the borough has 9,600 sq. ft. Based on state models of facility construction, LGBR estimates that the borough needs approximately 11,000 sq. ft. The team's estimate includes areas for storage, including access space. The team also discovered that the foundation of the borough hall could not support weight of a second floor. The facility consultant also reported unequal settling of the floors between the borough and post office sections of the building.

The borough reported to the team that the governing body intends to hire a professional architect to evaluate municipal needs. The team agrees with this decision, as an architect specializing in municipal construction will provide the borough options to deal with the facility space needs.

Until the facility's needs are addressed, the team felt the borough should explore some minor options to facilitate business transactions by visitors. For example, borough visitors must access all areas of the facility depending on their needs. Creating one payment window for water/sewer, inspections, and tax collection in the current finance office will make it easier for the finance office to control incoming receipts, as well as confining visitors to the entrance area of the facility. In addition, visitors to the clerk's office must travel to the rear of the building, passing the municipal court area, while the BA/CFO's office is located in the front. Generally, more people will visit the clerk's office than the BA/CFO.

Recommendation:

The existing layout of the municipal building does not offer visitors the easiest access to their governing officials and services. It is recommended that the borough consider consolidating all payments to the finance window and switch the BA/CFO and borough clerk's office in order to facilitate customer service.

Utilities

The borough collectively tracks all electric and natural gas consumption by vendor. From 1997 to 1999, the borough averaged \$125,606 for electric and \$6,000 for natural gas per year. The team could not identify consumption by facility because of the current record keeping system. However, tracking energy consumption by facility provides the borough with trends and contributes to better facility management.

Recommendation:

The borough does not monitor consumption of energy by facility. Without this data, it is impossible to identify billing errors relating to consumption trends at each facility. It is, therefore, recommended that the borough create a spreadsheet of energy consumption by facility.

Custodial Services

In 1999, the borough utilized two cleaning vendors for custodial services; one for the municipal building and the other for the public restrooms at the boat ramp, the bay beach, and the handicapped bathroom at the borough hall. The first vendor cleaned the borough hall twice a week. The second vendor cleaned the public restrooms during the summer season seven nights a week. Ship Bottom employees at the DPW, beach house and water and sewer facilities are responsible for cleaning their respective buildings. The total vendor cost for custodial service in 1999 was \$6,950.

For the 2000 year, the borough employed a third vendor to clean the police department for an additional cost of \$2,700. The borough contracted this vendor because of the sensitive information and equipment within the police facility. Under the prior vendor, who cleaned at night, a patrol officer had to stay in the station during the cleaning times. The third vendor cleans during the day when the secretary/dispatcher is on duty.

Harbormaster Facility

The borough has a small structure at the boat ramp that serves as the headquarters for boat ramp operations. The borough constructed the facility with one door and a small window. During the summer, the temperature within the facility may exceed 105 degrees. In 1999, the borough installed an air conditioner to reduce the risk of employee illness. However, the facility has a solid door that must remain open in order for the employee to have visual access to the boat ramp entrance. As a result, the boat ramp operators must leave the door open when the air conditioner is being operated. The installation of a storm door will produce savings in electricity and wear and tear on the air conditioner.

Recommendation:

In a risk management decision, the borough installed air conditioning in the boat ramp facility. In order for the boat ramp operators to see the entrance, the solid door must be propped open. It is recommended that the borough install a storm door at the boat ramp facility to help keep the boat ramp facility air-conditioned.

One-time Value Added Expense: \$100

TRASH REMOVAL AND RECYCLING

Ship Bottom contracts with a private company for the pick up and disposal of trash and recyclable materials. The borough was in the second year of a five-year contract during 1999.

The basic terms of the contract calls for the collection, removal and disposal of garbage, rubbish, debris and bulk refuse placed curbside from all residences, including multi-family developments, as well as limited service from all commercial and professional establishments. Pick-ups for this service is performed twice per week, on a year round basis. Litter containers located at the end of each street (along the beach), along Long Beach Boulevard, the 25th Street Pavilion (fishing pier) and the borough boat ramp are collected three times a week from May 1st to October 1st and twice per week from October 1st to April 30th. Three dumpsters are also provided to the borough and serviced weekly. For this service the borough pays as follows, exclusive of the dumpsters:

First Year of Contract	\$141,730
Second Year of Contract	\$144,497
Third Year of Contract	\$147,571
Fourth Year of Contract	\$150,389
Fifth Year of Contract	\$153,464
Total Price for Five Years	\$737,651
Average Price per Year	\$147,530

A detailed analysis of the trash disposed of in the Ocean County and the Atlantic County landfills for the most recent three years was performed. The complete results of this analysis appear in Appendix 11 and a summary of this analysis appears in the table below.

Year	Total Tons	Total Cost	Avg. Per Ton
1997	1,480.9	\$95,350	\$64.39
1998	1,315.1	\$72,461	\$55.10
1999	1,929.4	\$102,315	\$53.03
Average	1,575.1	\$90,042	\$57.16

As a result of this analysis, it was determined that Ship Bottom paid approximately \$74.89 per ton to pick up refuse and another \$53.03 per ton to dispose of this trash in a landfill for a total of \$127.92 per ton in the second year of the five-year contract. LGBR benchmarks indicate the cost to dispose of trash in landfills is approximately \$45 to \$55 per ton. Based on this benchmark,

Ship Bottom falls roughly within an acceptable range for disposal costs. However, a recent LGBR report determined that trash pick up could be accomplished for as little as \$44 per ton. This is usually the case in larger communities, where economies of scale are taken into consideration. Because of its size, it is unlikely that Ship Bottom could command a pick up cost in the area of \$44 per ton. However the calculated cost of nearly \$75 per ton to pick up refuse seems excessive. Ship Bottom could consider a shared service with an adjoining community to piggyback trash collection services and obtain a better per ton cost. If the borough could reduce its cost by only \$15 per ton, total savings of \$28,935 would result.

Recommendation:

Consider a shared service for trash collection with an adjoining municipality to take advantage of collective economies of scale. If Ship Bottom could accomplish this and reduce cost by only \$15 per ton, savings of \$28,935 would result.

Cost Savings: \$28,935

At the present time, the firm that collects and disposes of the trash pays the tipping fee directly to the landfill and submits a bill to the borough seeking reimbursement. This adds an additional layer of cost on all parties and has the potential for increasing clerical errors.

Recommendation:

The team recommends that the contract should provide that the borough make all payments to the landfill directly, to specify which landfill the hauler should use for disposal, and include certain distance restrictions. This would require re-negotiation of the contract and should be reviewed by the borough solicitor.

Recycling

The same contractor provides for the collection, removal and disposal of recyclable materials placed at curbside from all residences, including the same multi-family developments referred to above, as well as all commercial and professional establishment and the recyclable material containers on Long Beach Boulevard. The contractor also collects from containers located at the 25th Street Pavilion and the borough boat ramp.

These collections are performed once per week from June 15th to September 15th and biweekly from September 15th to June 14th, plus brush pick-ups. It should be noted that when pick-ups are done weekly all recyclable materials are done weekly too. During the biweekly pick-up period, a pick-up is actually performed weekly but the type of material picked is alternated. For this service the borough pays as follows:

First Year of Contract	\$55,083
Second Year of Contract	\$56,108
Third Year of Contract	\$57,389
Fourth Year of Contract	\$58,670
Fifth Year of Contract	\$59,950
Total Price for Five Years	\$287,200
Average Price per Year	\$57,440

During 1998 and 1999, the recycling tonnage was 926.852 and 1,038.12, respectively. A complete analysis of the recycled material appears in Appendix 12.

In addition to the above, the borough also paid an additional \$5,043 for 1998 and \$2,622 in 1999 for promotional or other expenses related to recycling. This brings the cost per ton to collect and dispose of recycled material to \$64.87 for 1998 and \$56.57 for 1999. These amounts exclude any revenue offsets for the recycled material.

As with the trash collection contract, the borough is assessed a higher cost per ton because of its size and inability to take advantage of economies of scale. If the borough negotiated a contract with an adjoining community, it could realize a savings of approximately 20%, saving taxpayers an additional \$11,220 in direct collection costs. The value of any income realized or the final cost of disposal of recycled material would remain constant in either case. Therefore, revenue would remain the same.

Recommendation:

The borough should consider a shared service with an adjoining community for the collection of recyclable material to take advantage of collective economies of scale. If Ship Bottom could accomplish this and reduce cost by only 20%, savings of \$11,220 would result.

Cost Savings: \$11,220

PLANNING AND ZONING

Organization and Costs

The Land Use Review Board is responsible for the planning and zoning functions. The board has nine members that include public representatives, the mayor, and a council representative. The borough engineer and the board attorney attend all meetings in an advisory capacity. The board meets monthly, on the fourth Wednesday of the month. The board has appointed a building advisory committee. This committee's work is addressed in the facilities section of this report.

In 1999, the total amount of Land Use Board expenses was \$32,354. Of this amount, \$18,049 or 55.8%, was for salaries and \$14,305 was for O/E expenses. The salary expenses are for a part-time clerical person, who is the Land Use Review Board Secretary. The O/E expenses are for contracted services.

Contracted Services

The borough, through the Land Use Board, contracts for planning and zoning services with two firms; one is a planning firm and the other is an engineering firm.

The team reviewed the major planning documents that were produced by these firms and found them current and useful to the borough. For example, the engineering firm recently completed a report on the borough's master plan. In June, 2000, they produced a report titled "2000 Report

on the Re-examination of the Master Plan of Ship Bottom.” The report indicates that the basic characteristics of the borough remain unchanged from the prior update. However, the borough corrected non-conforming elements in the master plan. These changes brought the borough in line with current development in Ship Bottom. For example, the borough enacted an ordinance that reduced minimum building separation requirements in R-1, R-2, R-3, OR (Office/Residential), and MFR (Multifamily) Zones. Prior to changing the ordinance, variances were required to reduce this separation. The enactment of the ordinance reduced the approval time and the administrative effort involved. Another change to the Master Plan was to clearly define “Community Recreation Area – Facilities” and “open space areas set aside.” These changes helped the borough to clearly communicate its planning direction to citizens, developers, and the commercial sector, while reducing administrative effort.

The planning firm prepared the Housing Element Plan Part of the Master Plan. This element responded to the low and moderate-income housing obligation assigned to the borough by the Council on Affordable Housing (COAH). Originally, Ship Bottom’s COAH obligation was 79 dwelling units. However, using COAH’s “vacant lands adjustment” element, the planner was able to have COAH accept a plan to provide eight rehabilitation dwelling units at a total cost of \$80,000 over a four-year period. The Housing Element Plan was approved by the Land Use Review Board and accepted by COAH. There were no appeals to the plan, which is scheduled for COAH certification around the end of December, 2000.

The team commends the borough for having a planner that works with COAH to develop a meaningful plan to address low and moderate income needs, yet incorporates the unique needs of the borough.

The New Jersey State Planning Commission has recently approved changes to the 5-B Environmental Sensitive/Barrier Island Planning Area that includes Ship Bottom. The planning commission has characterized these islands as developed communities, complete with infrastructure. The commission assumes all future development will be re-development since there is little or no available land for development.

The planning firm also submitted a grant application to the Office of State Planning for a Smart Growth Planning Grant. This grant funds planning assistance to municipalities and focuses on optional planning elements, rather than those elements required by law. The team understands that if a grant award is made, the borough will use these funds to pay the expenses of the planner. If the grant is not awarded, the borough is not obligated to pay the firm.

The team commends the borough for engaging a firm to develop a grant where grant development cost is paid from the funds awarded, rather than from the borough.

All master plans and their updates are filed with the Ocean County Planning Board and the municipal clerk of all adjoining municipalities in accordance with N.J.S.A. 40:55D-89 et. seq. and N.J.S.A. 40:55D-13. Copies of the 2000 report were also delivered to Ship Bottom’s mayor and council; however, the Land Use Board secretary, when interviewed, did not have additional copies of the Master Plan and the 2000 report.

Recommendation:

The borough should maintain at least two copies of the master plan in the borough hall, along with copies of the updates. One copy of the master plan should remain on file for use by borough personnel and one copy should be available for planners, engineers and other contracted parties.

Enforcement of Local Codes/Ordinances

Staffing and Responsibilities

The code and ordinance enforcement (COE) office is staffed by one person, on a full-time 40-hour work week. The COE officer's total position value (includes salary and fringe benefits) is \$30,474. This equals approximately \$16.93 per hour. The COE Officer's work schedule is Monday through Friday, 4:30 a.m. to 11:30 a.m. and one hour in the evening, patrolling the beach area. The COE Officer reports directly to a part-time borough councilperson. Otherwise, no one directly supervises this employee.

The COE officer has four major areas of oversight; beach patrol, garbage/recycling duties, local ordinance enforcement and miscellaneous activities. The COE officer patrols the beach areas to prevent local residents and vacationers from violating borough ordinances pertaining to the beach areas. The garbage and recycling duties require the COE officer to travel the borough streets, prior to the contracted trash vendor, to see that residents and vacationers adhere to the borough's garbage/recycling regulations. The local ordinance enforcement work task requires the COE officer to ensure that the borough's local ordinances are being upheld. When requested, the COE officer will provide miscellaneous assistance to other departments. This miscellaneous assistance takes up a significant portion of his work time.

Beach Patrol

The COE officer begins his workday at 4:30 a.m. The first assignment is to patrol the beach area and make observation as to the possible violation of local ordinances. The COE officer may issue warnings or summonses, upon his discretion. He is not a deputized police officer and, therefore, has no authority to make arrests. The COE officer spends one hour in the morning and one hour in the evening performing this task. He only patrols the beach area and must rely on the police department when an act of unlawfulness is witnessed. In addition, the COE officer is not trained or certified to handle any physical altercation, should that become necessary. Due in part to a lack of direct supervision of the COE officer's department, the COE officer, at his own discretion, may spend additional time in the evening at the beach area, which creates overtime. This overtime, is taken as compensatory time, at time and one-half, and is credited to accumulated time and is used principally during the non-summer months.

The COE officer maintains the same schedule year round even though the population height of 20,000, during the summer season, returns to 1,600 residents in the non-summer months. A review of the tickets and warnings issued indicates that the COE officer issues 70% of them in the three to four months of the summer season.

Based on the COE officer's annual salary, patrolling the beach two hours per day throughout the year costs the borough \$7,619 per year.

An alternative to the borough utilizing the COE officer to patrol the beach 12 months per year would be to use a special law enforcement officer (SLEO) only in-season and have the regular police do this during the off-season as part of their normal patrol duties. The SLEO is paid approximately \$9 per hour and would receive direct supervision from the police department. Also, the SLEO has the power to arrest and is trained to handle any physical altercation that may become necessary. This would cut the costs of patrolling the beach in-season by almost one-half. Incorporating beach patrol into the normal police schedule during the off-season will eliminate this cost entirely.

Recommendations:

The team recommends that the borough hire a special law enforcement officer (SLEO) to perform the beach patrol activity during the summer season. The SLEO's salary is 53% less than the COE officer's salary. Assuming there are 20 weeks in the summer, the COE officer has a minimum of 200 hours patrolling the beach, at a total cost of \$3,386, while a SLEO would cost \$1,800, a saving of \$1,586. However, the COE officer performs this task year round and the remaining 32 weeks of the year cost the borough \$4,232. The team also recommends that the police incorporate off-season patrol of the beach into their regular routine. This type of schedule would provide the borough savings of \$4,232. Also, since the SLEO works under the police division, the time spent patrolling the beach would be managed more productively. LGBR values hardworking employees and further recommends that the borough implement this change either after the current employee retires or after other work is found in the borough for the current employee.

Cost Savings: \$5,818 (\$1,586 by using the SLEO during the season and \$4,232 using the regular police in the off-summer season)

Garbage and Recycling Enforcement

The COE officer has the responsibility of driving throughout the borough, approximately .72 sq. mi., to make certain the borough's residents adhere to garbage and recycling regulations. The COE officer performs this task routinely throughout the year. The collection regulations allow for a specific number of trash containers to be placed at curbside, per residence. Also, all trash contents must be placed in containers, plastic bags are not a permitted container.

The COE officer allots 25% or 450 hours annually to this task. The cost to the borough is 3,386 for the 20 weeks during the summer season and \$4,233 off-season for a total cost of \$7,619. According to report, prepared by the COE officer, in 1999, 172 trash/recycling warnings were issued. The records indicate that of the 172 warnings issued, 102 (59%) were written during the period of May through September. Also, the records indicate that a total of seven summonses were issued in 1999, all during the months of June, July and August.

The 1998 reports were similar. The COE officer issued a total of 222 trash/recycling warnings, of which 144 (65%) were issued during the period May through September. During that same period, seven summonses (78%) were issued; however, they were all issued during the months of June, July and August. A total of nine summonses were issued for the year 1998. Upon further examination, the team discovered 88% of all summonses were issued in the months of June, July and August, for the years 1998 and 1999.

In light of the borough's population increase during the period of May through September, the team believes the borough officials must maintain some procedure to make certain trash/recycling regulations are followed during this period. The time and number of trash/recycling warnings and summonses issued, indicates the period of May through September will require some oversight. However, the borough may be able to employ a person to do this at a lower hourly rate. Also, as indicated by the lower number of violations committed and noticed, during the period of October through April, it may be possible to have the borough's public works department employees observe and record violations of the collection ordinance. Our discussions with the trash vendor indicate they would report any serious trash violations to the borough. This would eliminate the need for the COE officer to do this during the October through April period.

Recommendations:

After a review of the COE officer's records, it is apparent to the team that a majority of the garbage/recycling warnings and summonses were issued in the period of May through September. The team believes that enforcement of garbage and recycling requirements should be emphasized only during this period and be carried out in a more cost efficient manner by hiring a seasonal employee. A seasonal employee, working at the rate of \$8 per hour, for 10 hours per week for 20 weeks (May through September) would cost the borough \$1,600 instead of the current \$3,386, saving \$1,786. The team recommends that the public works department and the trash hauling company, in the course of their usual duties or contracted responsibilities, review compliance with the trash/recycling requirements during the period of October through April. This would involve no additional costs, compared to the current \$4,233. This would reduce the borough's cost by \$4,233. LGBR values hardworking employees and further recommends that the borough implement this change either after the current employee retires or after other work is found in the borough for the current employee.

Cost Savings: \$6,019 (\$1,786 by hiring hourly staff during the season and \$4,233 by relying on public works and trash vendor in off-season)

Local Ordinance Enforcement

Almost all of the work done in this function overlaps with beach operations. The team looked at this function separately because many individuals in the borough consider this a significant part of the position.

In this work element, the COE officer drives through the borough and notes any violations of borough ordinances, such as dogs without a leash or construction without permits. The COE officer spends approximately 12% (216 hours annually) of his time completing this task. This costs the borough \$3,657 annually. A review of the COE officer's 1999 records show that 133 violation warnings were issued, with 96 (72%) occurring in the period of May through September. There were 28 summonses issued, with all 28 being issued during the period of May through September and 22 of them, or 79%, were for individuals with dogs on the beach without a leash.

The 1998 reports were similar. In 1998, there were 356 warnings issued, with 329 (72%) being issued during the period of May through September and 60, or 91%, were for individuals with dogs on the beach without a leash.

Recommendation:

As stated previously, the records indicate that a majority of the code violations cited occur in the period of May through September. Furthermore, the types of incidents cited are mainly unleashed dogs on the beach. Therefore, as previously stated by the team, it is recommended that this job task be assigned to an hourly special law enforcement officer (SLEO), whose main function would be to patrol the beach and surrounding area. Current personnel can handle the other areas such as building permits, etc. This would reduce borough costs by \$3,657. LGBR values hardworking employees and again recommends that the borough implement this change either after the current employee retires or after other work is found in the borough for the current employee.

Cost Savings: \$3,657 assign work to recommended SLEO

Miscellaneous Activities

The COE officer spends 38%, or about 13 hours per week, working on miscellaneous activities that range from running errands to checking on malfunctioning streetlights. The annual cost of this activity is \$11,580. This is an expensive messenger service, even though the position was probably not designed to be so. The nature of the work is such that a part-time hourly person could be used. In addition, the borough has no schedule to use a person for miscellaneous activities. If borough personnel knew someone was available at certain times or certain days, these activities could be better coordinated and, therefore, more efficient. We estimate that proper coordination would reduce the hours required by one-third, and hiring a part-time employee at \$8 per hour would cost the borough \$1,824 annually. The team believes these activities are not appropriate for a COE officer.

Recommendation:

The team recommends that the borough hire a part-time, hourly individual to do the miscellaneous, mostly errand activities currently carried out by the COE officer. It is also recommended the borough establish a specific schedule for this hourly person, thereby improving coordination and reducing the hours needed for this service. LGBR values hardworking employees and again recommends that the borough implement this change either after the current employee retires or after other work is found for the current employee.

Cost Savings: \$9,756 using a part-time, hourly employee

UNIFORM CONSTRUCTION CODE

Staffing

The borough's construction code office operates under an island-wide inter-local agreement. Five island communities employ the construction code official, including Ship Bottom. The

agreement stipulates that office expenses and hours worked be divided evenly between the participating municipalities. The shared expenses include salary, fringe benefits, automobile, and cellular telephone costs. The Borough of Beach Haven acts as the administrative agent for the group and collects an annual fee of \$250. The contract was executed in 1999 and is in effect for four years, as is authorized by state law. The construction official's entire employment package is \$63,966; Ship Bottom's portion is \$12,793.

The construction code official reports to the borough two days per week, 3.5 hours per day, and spends an additional hour for plan review. The borough employs an office clerk, who is assigned to the office for 16.25 hours per week and works in the tax assessor's office, for 16.25 hours per week. Due to the physical location of the offices (tax assessor/construction code), in reality, the office clerk is available to the construction office beyond the part-time hours stated. The office clerk's position value is \$16,532. Both the plumbing and fire inspectors are employees of Ocean County and are available to the borough on an as needed basis. The county reimburses Ship Bottom 10% of the fees collected.

According to borough records, the fees collected for years 1998 and 1999 are \$31,450 and \$42,960, respectively. The salary costs for the office is \$29,325, while operating expenses are about \$6,675, which brings the entire office cost to about \$36,000. The fees collected cover the costs of the program, which is permissible under the Department of Community Affairs regulations. The office processed 279 permits in 1998 and 249 in 1999, of which 235 and 203 were building alterations, in 1998 and 1999, respectively.

The consortium conducts an annual meeting. The construction code official will recommend a review of the present fee structure to the governing bodies at the next scheduled meeting. The construction official would like to employ additional help, specifically the hiring of an additional building inspector. A revised fee structure would help to defer the proposed additional cost.

Recommendations:

The Borough of Ship Bottom should be congratulated for brokering an inter-local agreement. The sharing of services and costs shows great cooperation between the island municipalities. The present fee structure appears to amply cover the costs associated with office. The fact that the fee schedule is planned for review shows foresightedness on the borough's behalf. In addition, the construction clerk serves in a dual capacity, reinforcing the cost-saving measures employed by the borough. This provides cross training, as well as good service to the citizens of the borough.

The team recommends that the borough have the consortium fully explore the need for an additional building inspector with a construction code certificate. This additional person may then act as a backup to the titled construction code official. The municipality has been made aware by state officials that only one person can be identified as the construction official. However, when circumstances arise, a qualified person may serve in an acting capacity, due to the absence of the appointed official.

Proposed Inspections for Rental Housing

Ship Bottom does not register or inspect residential rental units for compliance with any housing code or the presence of smoke detectors. The team believes that the borough should develop a Housing Rental Registration/Inspection program designed to ensure a high level of safety and to upgrade and maintain the housing stock. From all outward appearances, the team found most housing to be of a reasonably high quality. However, as with all communities, there are some structures that fall into disrepair and have the potential of becoming unsafe or an eyesore. This condition impacts negatively upon the neighborhood and property values. In addition, it has been found that properties used as rentals sometimes do not meet current building and safety codes. In a resort community such as Ship Bottom, the potential exists for illegal conversions because of the lucrative rents a property owner can charge. Illegal conversions are done without permits and the benefit of proper inspection to ensure compliance with the appropriate safety related UCC codes. This program would not apply to single-family owner occupied dwellings, but to all rental units, with some exceptions, such as those occupied by members of the owners immediate family. Exterior inspections may be conducted for property maintenance on any property, owner occupied or rental, with an interior inspection only with the permission of the owner.

Records in the assessor's office indicated that there are 1,720 residential housing units in Ship Bottom. However, the assessor's office does not know the actual number, nor do they have any formula for estimating, short of a physical inspection or a polling of realtors, how many housing units are rented each year. Other borough personnel advised the team that it would be reasonable to estimate that approximately half of the units present are rented. In reviewing the Ocean County Data Book it was determined that 945 of the residential units were considered seasonal rentals. Consequently, the team assumes that Ship Bottom is home to approximately 945 seasonal residential rental units. It may be assumed that additional annual rental units exist, but for purposes of this report, the team will concentrate only on seasonal units.

The team believes that an annual fee of \$60 is reasonable to charge a property owner that rents residential property in Ship Bottom. This fee would cover the cost of the registration, one inspection per year, and re-inspection, if necessary. These inspections have the potential of raising additional funds through referrals to the construction official, in the form of permit fees and any appropriate UCC penalties, although the team did not attempt to quantify this amount.

Such a program would use the BOCA codes as stipulated by the New Jersey Department of Community Affairs and would need to be established by ordinance. The Housing Rental Registration/Inspection program would include a smoke alarm inspection process. The ordinance should also make it a violation for a realtor, to lease a property without verifying that the units are registered. Inspections of properties owned by absentee landlords could be conducted with the assistance of the designated realtor who would serve as the local agent of the owner. The provision of designating a local agent to represent the owner is particularly desirable and workable in a resort community such as Ship Bottom. The scenario the team envisions has the potential of producing more than the required number of inspections annually to keep a full-time inspector busy. This is based on an average of six inspections per day, per full-time inspector based on 230 workdays per year, which would equal 1,380 inspections. This is slightly over the 945-unit estimate but there may be re-inspections, office time, etc.

In terms of notifying owners of rental property, the borough can create a brochure outlining the program and distribute it with tax bills or other information distributed by the borough, such as, refuse requirements, pick up schedules, recycling, beach tag fees, etc. The realtor, acting as the local agent, can also advise property owners of the registration and inspection component when the property is listed. If voluntary registration does not work, a citation provision in the ordinance could enhance registration and produce the desired results. The team estimates that the revenue stream will cover all of the costs incurred by the borough.

The team estimates that this program could be administered by sharing existing clerical staff and computer equipment. The cost of one inspector would be approximately \$35,000, including fringe benefits, with an additional \$5,000 in operation expenses, for a total of \$40,000. Initially, this would be a full-time position; eventually, however, this person would be available for additional property maintenance inspections and other code enforcement work. This would result from less re-inspections as owners improve their properties.

In addition to the rental registration aspect of the ordinance, LGBR also suggests that an inspection component be introduced at change of ownership. Such an ordinance may affect certificates of occupancy now being issued and may require Ship Bottom to amend such ordinances.

Recommendations:

It is recommended that the borough establish a Housing Inspection-Rental Registration Ordinance based on the implementation of BOCA housing regulations, as stipulated by the New Jersey Department of Community Affairs. This ordinance should establish a fee of \$60 per rental unit, which will generate revenues of \$56,700, based upon an estimated number of 945 rental units.

Revenue Enhancement: \$56,700

It is further recommended that the borough add one housing inspection officer. The salary and fringe benefit cost to administer this program is estimated to be \$40,000.

Value Added Expense: \$40,000

It is further recommended that the borough establish an automated information system to share rental data between the tax assessor's office and the housing unit to enable inspectors to identify and respond to existing and new property owners that may be renting their property. In addition, before issuing a license, all taxes must be current as well.

ENGINEERING

The borough contracts with a private firm for engineering services. The same engineering firm has been providing this service for several years.

The borough clerk provided the team with a copy of a resolution dated January 4, 1999 appointing the firm for the year 1999. The resolution specifies that the firm shall be paid at an

hourly rate of between \$35 and \$110 per hour. The principle engineer of the firm shall be compensated at the rate of a minimum of \$200 per meeting. No mention is made of the scope of services that will be provided or how the borough would assess which hourly rate is charged. The team was advised that a fee schedule had been submitted for 1999, but none could be located; however, the 1998 fee schedule was located. The resolution did not include a “not to exceed amount,” although an attached certification of funds indicates that \$2,000 was submitted on January 26, 1999 with an additional \$4,000 to be certified at a later unspecified date for a total of \$6,000. The later date was most likely when the permanent budget was adopted. The budget document, however, indicated an expense line item of \$8,000. Finance records indicate that \$6,231.93 was paid for the year from the basic engineer line item. These payments are \$231.93 over the certified amount. This documentation did not address total 1999 payments made to the engineering firm in excess of \$129,000, from other line items, which we detail below.

The BA/CFO indicated that the engineer reported to him and performed what are usually considered routine engineering functions, such as, attendance at Land Use Board meetings when requested. Other functions performed by the engineer include plan review for the same board and inspections and reviewing a variety of issues upon request. This type of work would normally be billed under the category “Engineer Services and Costs O/E.” This is the area referred to in the resolution passed by council. However, significant engineering work was done in paving and repair work, transportation trust fund, green acres, community development, and water and sewer utility issues. In addition, the engineer did work relating to land use for which the firm was paid from the escrow account set up for that purpose. Funds for this account are derived from the appropriate property owner and do not impact property taxes.

Examination of finance department records revealed the following 1999 payments were made to the engineer for a variety of additional services including, but not limited to, capital road projects, green acres projects, community development projects, transportation trust fund projects, water and sewer projects, escrow and others. Excluding escrow payments, the data indicates that the borough paid about \$113,549 for engineering services, water and sewer and capital projects (\$128,865 - \$15,316).

Engineer Services and Costs O/E (Listed above)	\$6,231
Current Fund Projects (Capital and Grants)	\$50,895
Water and Sewer (Rate Payer impact)	\$56,423
Escrow Payments (No tax impact)	\$15,316
Total Payments	\$128,865

The team double-checked with the borough clerk and the BA/CFO to determine if a formal contract existed between the borough and the engineer, but no such document was in the possession of the clerk or the BA/CFO.

The BA/CFO indicated that the borough did not routinely solicit a Request for Proposal, (RFP) for engineer services. Since no contract exists that clearly delineated the terms, conditions, and payment for specific services, the team could not perform an in-depth analysis, but submits the following recommendation to address this issue.

Recommendations:

The borough should negotiate specific terms and conditions, and a reasonable fee schedule. These items should be written and a formal professional service contract should be developed and executed. The contract should include a “not-to-exceed amount” and clearly specify what services are to be provided and how the billing will be accomplished. The fee schedule and list of services should include not only routine services, but also those related to escrow funds, grants, water and sewer, etc. This contract should be made available to the members of the governing body before they are asked to vote on an appointment, or approve it. The borough should also solicit fee schedules from other firms through a RFP process to ensure that they are receiving a competitive price. The solicitor should also review the contract for completeness and conformity with state statutes.

The borough should include a provision in the engineering contract for billing increments in tenths of an hour, i.e., every six minutes. This would enable billing to be more precise.

The borough should ensure that all work performed by the appointed engineer is included in the appropriate contract. The “not-to-exceed” clause or other contract provision(s) should be amended, as necessary, to include and reflect payments made to the engineer by all other sources. These other payments should include, but not be limited to, grants, capital projects, water and sewer, and any emergencies that may arise.

An alternative that the borough should cautiously contemplate, considering the \$113,549 cost for engineering work, is to hire a full-time person for this position. Some municipalities that do this also use the engineer in a multi-tasking role, i.e., as the director of public works/engineer. This adds a level of professionalism that may not currently exist. If the borough is not in a position to anticipate sufficient grant funds or capital expenditures to justify the position on a long-term basis, then it should continue to contract the services. However, the team believes that these needs should continue into the future. The team estimates that an engineer could be obtained for a position value of approximately \$85,000. If the borough decides to hire a full-time engineer, the cost savings from all sources based upon the \$113,549 expended in 1999 would be approximately \$28,000. These savings could actually be allocated to the borough and the water and sewer utility on a proportionate basis, based upon the amount of services rendered.

Cost Savings: \$28,000

OFFICE OF EMERGENCY MANAGEMENT

The office of emergency management (OEM) is responsible for developing emergency operating plans. These plans are executed during various crisis including, but not limited to, hazardous material spills, hurricanes, Nor'easters, flooding, and nuclear incidents. Ship Bottom plays a central role into any evacuation plans as it hosts the only bridges connecting the island to the mainland.

In 1999, the borough funded the OEM to the sum of \$3,000 for operational expenditures and \$1,000 for salary. The borough expended a \$500 stipend for the coordinator and \$1,863 for operating expenses. The OEM budget was increased to \$6,000 for the 2000 fiscal year. The additional \$3,000 was designated for upgrading existing equipment, vehicle repair, and supplies.

The borough assigned a committeeman to act as the OEM coordinator, with a \$500 stipend. The chief of police acts as deputy coordinator. There are additional members of the OEM including a councilwoman, the borough administrator, a patrol officer, a representative from the school district and volunteer fire and ambulance companies. These members are responsible for staying in the borough during a crisis to help coordinate relief efforts.

The OEM does not have a dedicated area in the municipal building. Protocols and procedures are both in the mayor's and clerk's offices. The department has a small area for supplies in a small closet located in the clerk's office. The borough informed the team that they hope to address this issue when the post office vacates borough hall.

The communication system is mostly housed in the mayor's office, with the exception of a repeater that is located in the police department. Much of the communication equipment is extremely old and not repairable. During the review, the New Jersey State Police performed a communication service and decided to replace the aging equipment. At a cost to Ocean County, the borough will be receiving a new county radio, emergency radio, and ham radio. As the borough exists near the Ocean Creek nuclear power plant, part of the cost of replacing the equipment will be borne through a federal grant called the Stewart 966 grant.

During the review, the council passed resolution 2000-129 to join the Inter-local Emergency Planning Committee (LEPC). The LEPC is an initiative of the six OEM coordinators representing all the towns on the Long Beach Island and Stafford Township, the first township on the main land. The LEPC seeks to develop an island wide coordinated evacuation plan, schedule joint drills, and develop shared resource management plans to better coordinate relief efforts.

The team commends Ship Bottom and Long Beach Island's municipalities for creating and participating in the Inter-local Emergency Planning Committee of Long Beach Island.

WATER AND SEWER

Ship Bottom provides potable water and sanitary sewer service to the properties located within the borough. The borough bills residential properties a flat fee for water and sewer services, regardless of usage. When considering this type of service one must recognize the distinction between taxpayers and ratepayers. The amount of property tax paid is based on the assessed value of the property. On the other hand, the cost of water and sewer service, just like electric and natural gas, should be paid for based on usage and the cost to provide this service. Any taxpayer subsidy of water and sewer cost would, therefore, be disproportionate to the service received, due to the disparity of assessments. The higher or lower the assessment from the

average and the greater the consumption differences, the larger the disparity. Therefore, inequality exists whenever the amount of payment for water and sewer service is insufficient to cover the cost and the taxpayer pays the difference.

The borough treats water and sewer service as a separate utility and it is referred to as a utility in the borough's audit report. The team could find no formal ordinance designating a water and sewer utility in the codebook. The team did, however, find an ordinance existed designating water and sewer as a department within the borough. For purposes of this report the team will refer to it as a utility.

Recommendation:

The team recommends that the borough consult with appropriate legal counsel to determine the legal status of water and sewer. If counsel finds that the status should be clarified, then the appropriate ordinance should be introduced formally, declaring this department a utility.

The water and sewer utility obtains water from two wells located in the borough. These wells are approximately 630 feet deep, with the pumps set at 130 feet. According to the foreman, the water utility has a pumping capacity of 2.6 million gallons per day, but averages a daily amount of 300,000 gallons in the winter and approximately 900,000 gallons in the summer. The utility has a reserve storage capacity in one tank of 250,000 gallons. This tank was recently inspected and found to be in good condition. The borough has the ability to pump its full capacity of 2.6 million gallons per day on auxiliary power. The utility maintains approximately 18 miles of water mains, ranging from four to 10 inches in diameter, and 200 fire hydrants, which are flushed twice a year. Every property is connected to the utility.

The borough also provides sanitary sewer service. This service consists of the maintenance and repair of the sewer lines and related facilities, which are part of a larger network interconnected with the balance of Long Beach Island. The borough is currently in the process of a major capital project upgrading the sewer collection lines. Effluent from the northern and southern communities on the island flow toward Ship Bottom and is then piped to the mainland through large trunk lines. The Ocean County Utility Authority, to which the borough makes quarterly payments, provides the treatment of effluent. Each community on the island pays for its share of treatment based upon effluent flow. The total paid to Ocean County Utilities Authority for each of the last three years by the borough for effluent treatment appears in the table below.

Year	Amount
1997	\$311,735
1998	\$357,830
1999	\$376,195
Total	\$1,045,760

Financial Data

The utility's revenue and expense data for the past five years is shown in the chart below.

Year	Water. Rev.	Sewer Rev.	Other Income	Surplus As Rev.	Total Rev.	Expense	Net Surplus*	Total Debt
1995	171,946	421,989	168,713	235,000	997,648	765,220	232,428	-
1996	169,730	410,184	159,190	208,000	947,104	805,400	141,704	-
1997	258,280	377,815	113,721	219,100	968,916	757,100	211,816	500,000
1998	262,801	535,141	112,796	284,350	1,195,088	774,320	420,768	1,420,000
1999	308,982	597,210	132,018	310,500	1,348,710	942,326	406,384	3,541,421

* Surplus increased in 1998 and 1999 because it will be used for the large amount of increased debt incurred in the last three years.

The data supplied by the utility indicates that it has operated with surpluses for the last five years.

Staffing

There are a total of four full-time employees for water and sewer, one part-time person, and one licensed operator, whose service is purchased by the water and sewer utility. The full-time employees consist of one foreman, two laborers, and one clerical person. The borough pays a licensed operator \$900 per month to oversee the operations, and 12% of the code enforcement person is charged to the utility. The breakdown of personnel costs for 1999 appears in the chart below.

1999 Job Title	Position Value
Foreman	\$53,373
Laborer (2)	\$70,334
Clerical	\$35,152
Licensed Operator	\$10,800
Code Enforcement	\$4,457
Total	\$174,116

It should be noted that while the borough currently contracts with a licensed operator, the foreman is working toward obtaining all the necessary licenses. Once these licenses are obtained, it is anticipated that the issues that require a licensed operator will be transferred to the foreman and the position listed above will be eliminated.

The foreman and two laborers maintain all equipment within the plant and perform all new connections and line repairs. In addition, one of the laborers reads all meters that are installed in commercial properties. The clerical person records all readings, maintains records, produces utility bills, receives payments, and collects past due balances. The code enforcement person enforces water conservation restrictions if and when they are put into place.

The borough provides administrative functions for the utility for which the borough receives no compensation. These functions include, but are not limited to, payroll, accounts payable, and management decisions. The team feels that the borough should be compensated for these functions. Based upon interviews with staff, the team believes that 10% of the salary costs of the BA/CFO and payroll/accounts payable person's time could be reasonably allocated to the water and sewer utility.

Recommendation:

Allocate 10% of the BA/CFO and the Accounts Payable/Payroll persons position value (includes health care costs) to the water/sewer utility as compensation to the borough for service to the utility. This would equal \$11,766 per year based upon 1999 payroll data. This would be a revenue enhancement to the borough and a cost to the utility.

**Revenue Enhancement: \$11,766 to borough
Value Added Expense: \$11,766 to utility**

Equipment

The utility currently operates one pick-up truck, two utility trucks, one backhoe, one air compressor, and one 4" pump, mounted on a trailer, to perform maintenance. The DPW frequently provides additional equipment to the utility when necessary, which reflects excellent cooperation. The borough also performs road patching for work done by the utility and vehicle maintenance without compensation.

The team commends the borough on the cooperation between the water and sewer utility and the DPW. Other municipalities should emulate this cooperation.

However, the borough should maintain records and transfer funds to compensate both agencies when appropriate. This will maintain the distinction between taxpayer and rate payer supported services. The team cannot quantify the amounts involved due to the lack of records. However, an estimate of savings to the borough regarding street openings is quantified in that section of this report.

Recommendation:

The borough should maintain records regarding the use of equipment and services by the water and sewer utility and the borough. Payments should be made to compensate each agency as appropriate for the use of services and equipment.

Meter Reading

In accordance with the current ordinance, only commercial properties have meters that are read. This is accomplished by one of the laborers and takes approximately one and a half days to complete. The data is stored in a portable terminal by the reader. This information is then provided to the clerical person, who manually inputs the readings in a computer to generate a bill. Staff estimated that it takes approximately a full day per quarter to enter the data into the computer manually. According to the foreman, a majority of the residential properties have meters installed but they are old and mostly not functioning. The current billing ordinance allows all residential properties to be billed on a flat fee basis, which eliminates meter reading.

Recommendation:

The team recommends that the borough consider upgrading the hardware and software to allow for electronic reading of meters with a direct download of data into the borough's computer system.

One-time Value Added Expense: \$1,000

Productivity Enhancement: \$600

Billing and Rate Structure

The borough supplied the team with information regarding the number and type of accounts that the borough bills. This information is summarized in the tables below for 1999.

Water

Description	Number of Accts.	Number of Units
Residential	1,725	2,079
Residence with Pool	16	20
School	1	1
School Garage	1	1
Commercial	185	185

Sewer

Description	Number of Accts.	Number of Units
Residential	1,609	1,943
Residential w/Garbage Disposal	118	125
Residential w/Efficiency	6	10
School	1	1
Commercial	178	178

The rate structures for residential and commercial properties are found in Appendix 13.

Consumption

Based upon data provided to the team, it was able to calculate the total and average water consumption of residential and commercial properties in Ship Bottom. The result of this calculation appears in the table below.

Qtr. 1999	Residential	Commercial	Total	Avg. Residential	Avg. Commercial
First	15,852,000	7,180,000	23,032,000	7,544	38,811
Second	35,099,000	6,030,000	41,129,000	16,705	32,595
Third	57,328,000	8,079,000	65,407,000	27,286	43,670
Fourth	13,909,000	12,950,000	26,859,000	6,620	70,000
Total	122,188,000	34,239,000	156,427,000	58,155	185,076

These results indicate that the majority of the residential properties in the borough are seasonal, used only three to four months a year. In addition, many of these are summer rental units. The lack of meters in residential units leads the team to conclude that water conservation is not occurring. This results in wasted water and sewer treatment capacity. The fact that only 125, or 6% of the 2,078 residential units, are being billed for garbage disposals may not be a realistic

representation of garbage disposal usage. The team further believes that, as a result of a lack of meters in residential properties and the use of a flat fee billing process, water and sewer fees are not applied equitably.

Recommendations:

The team recommends that the borough purchase and install water meters on all properties to encourage water conservation, and not waste sewer treatment capacity. Based on prices from other communities, the team estimates that meters with electronic modules could be purchased and installed by a private contractor for approximately \$275 per account. In Ship Bottom, this would amount to a capital outlay of approximately \$543,000, for an annual cost of roughly \$70,000.

The team further recommends that the borough conduct a comprehensive rate study that would be made effective upon installation of meters. The new rate structure would be based upon consumption and not a flat fee. In this manner, those that use more pay more and those that use less would pay less.

The team also recommends that the borough immediately install water meters on school properties and bill them as a commercial property. While the team cannot quantify the revenue that would be generated due to lack of data, the team's experience with this situation indicates that the revenue would be substantially more than the current flat fee. The borough should accordingly identify those properties that have garbage disposals and begin billing those properties. If only half of the units have garbage disposals, the borough would realize an increase in revenue of \$50,270 from the current ordinance.

The borough attorney should provide the billing department with a definition of "sprinkler system" so that the utility can begin billing for them as the current ordinance provides.

If the borough could realize only a 10% reduction in consumption and, therefore, a 10% reduction sewer flow to the utility authority, the borough stands to reduce costs by \$37,620 per year based upon the 1999 period.

The borough should also consider increasing the fee for a new water service and/or sewer lateral that would be based on actual costs incurred by the utility. The team estimates that this would be approximately \$1,050 per installation. Based upon 10 per year the utility would realize increased revenue of approximately \$11,000.

**Value Added Expense: \$543,000 or \$70,000 annually (Install residential meters)
Revenue Enhancement: \$50,270 (Garbage Disposals)
Revenue Enhancement: \$11,000 (Installation Fees)
Cost Savings: \$37,620 (Reduction in Sewer Flow)**

HEALTH DEPARTMENT SERVICES

The Borough of Ship Bottom contracts for general health services with the Long Beach Township Health Department. The agreement encompasses all of the local governments on the island including Ship Bottom, Long Beach Township, Beach Haven, Surf City, Harvey Cedars, and Barnegat Light. The Public Health activities and programs provided include services for individuals and their families, as well as for the island environment in which they live, work and play.

The services and requirements of a health department are listed in statutes and administrative code N.J.S.A. 26:3A2-1 et. seq. and N.J.A.C. 8:52-1.1 et. seq. (Minimum Standards of Performance of Local Boards of Health). The Long Beach Township Health Department provides most of the services described in these regulations except for those described in N.J.A.C. 8:52 – 2.1 (k) and N.J.C.A. 8:52 – 4.3a (1, 2, 4, 5, 6, 8), which are provided by the township.

The Borough of Ship Bottom pays the Long Beach Township Health Department an annual sum equal to Ship Bottom's proportionate share of all authorized expenses. The proportion is determined by using the annual equalized valuations to calculate the annual compensation for each contracted year. In 1999, Ship Bottom's expenditures were \$21,720, plus a reserve of \$8,280, for a total of \$30,000. The usual annual expenditures range from \$27,000 to \$29,000.

The Long Beach Township Health Department is required to provide the New Jersey Department of Health and Senior Services, Office of Local Health an Annual Report of services rendered. The department provides this annual report but it does not include specific services provided to Ship Bottom.

Recommendation:

The borough should work with Long Beach Township's Board of Health to determine if information can be developed at minimal costs to document the amount, type and location of health services received by borough residents, and that current service levels meet current needs.

The current contract calls for the Long Beach Township Board of Health to provide staff and/or enter into agreements/contracts to meet the borough's public health needs. Long Beach Township's Health Office and staff are designated as general agents for the enforcement of health-related ordinances and the public health laws of the state. Under the current contract, all policies are set by the Long Beach Township Board of Commissioners, but the Long Beach Township Health Coordinator must respond to communications made by Ship Bottom's mayor, council, administrator, or board of health representative.

Examples of the type and amount of health services provided by Long Beach Township as listed in the 1999 Annual Report are as follows:

Adult Health:

Cancer Services screened 14 women for cervical cancer and 458 women received breast cancer education. A total of 245 individuals received education for colon-rectal cancer and 30 individuals were referred. Diabetes: 244 risk assessments were completed with two referred. A total of 18 known diabetics received education and two individuals were referred for further evaluation. Cardiovascular Disease: 246 screenings were completed, 39 were referred for medical evaluation. Twenty-nine cardiovascular disease educational programs were conducted for 3,763 participants, resulting in two newly diagnosed cases. Older Adults: 30 were screened and referred and 2,150 immunizations were administered.

Home Health Care:

The department provided home health care to 47 patients with a total of 198 nursing visits.

Environmental Health:

The island's 44 bathing places were inspected and five received re-inspections. There are two youth camps on the island and both received pre-operational inspections. Food surveillance is a major activity of the department. All of the 286 establishments were inspected and 26 required re-inspections. The department received a total of 21 complaints during the year.

Communicable Diseases:

The island identified seven cases of reportable disease and conducted seven investigations. The annual report indicates that 93 immunizations were administered.

The borough's original contract is dated 1989. This contract is detailed, comprehensive and has automatically renewed for one-year periods since 1989. The contract requires that the borough and the Long Beach Township Board of Health attend at least one meeting per year to discuss the borough's budget and for joint discussions covering mutual problems, needs, objectives, methods of attaining objectives, and an evaluation of accomplishments. A copy of the recorded minutes of such a meeting, approved by the parties, was not available for review by the LGBR team. The borough does not currently attend this annual meeting even though it would provide opportunities to learn about Long Beach Township's prior years performance and learn about health issues in Ship Bottom and the island in general.

Recommendation:

It is recommended that a borough representative attend the annual health meeting of the local governments on the island. According to the 1989 contract this meeting provides an opportunity to understand the health issues facing Ship Bottom residents, and the island in general, including costs and whether or not current service levels meet these needs within the governing body's determined budget allocation. Attendance at the meeting also provides the opportunity to review compliance with the contract, as well as any updates to it.

SENIOR CITIZEN SERVICES

The borough contributes \$5,500 annually to the St. Francis Community Center to provide senior services from the Long Beach Island Community Center. The center is funded under Title III of the Older Americans Act of 1965, as amended, through a grant by the County of Ocean, Office of Senior Services. Funding includes the State of New Jersey Department of Health and Senior Services, Ocean County, local contributions, and contributions from the St. Francis Community Center. Persons over 60 years of age are eligible for the Senior Services Program.

There are no charges for senior services. However, the program does provide the opportunity for individuals to make a voluntary contribution for services received. All donations are confidential; no one is denied service if they are unable to pay.

The center does not normally break out services by each local government entity. However, in response to the team's visit, the staff reviewed their records and developed estimates (see table below) of the amount and type of services provided to Ship Bottom residents. The data indicates services will be provided to approximately 100 unduplicated clients in 2000. Each client may receive more than one service. Costs are broken out into units of service as follows:

Senior Citizen Services Provided to Ship Bottom Residents			
Actual through June 30, 2000		Projected through December 31, 2000	
UNDUPL. CLIENTS	68		100
SERVICES	Units of Service	Units of Service	Costs
Information & Referral	112	225	\$1,895
Benefits Screening	47	100	\$2,050
Care Management	55	55	\$1,526
Extended Assessment	10	15	\$2,170
Trans/Meals On Wheels	1,130	2,695	\$2,300
Education	27	45	\$4,516
Physical Fitness	193	400	\$6,108
Physical Health	250	312	\$5,598
TOTALS	1,824	3,847	\$26,163

The team visited the facility and it appears to be well maintained. It provides a variety of programs and services. For example, the center's senior services program provides Medicare and supplemental health services, pharmaceutical assistance, energy assistance, legal counseling, social security counseling, limited transportation, volunteer opportunities and recreational programs.

The cost data indicates that the annual cost per senior citizen is \$261 (\$26,163 total costs divided by 100 residents). The borough's \$5,500 annual contribution is equivalent to \$55 per resident. Given the apparent quality and costs of these services, the borough is receiving an excellent value for its contribution.

BEACH OPERATIONS

Overview

It is essential to the borough's financial stability and economic vitality that it properly maintains its beaches in order to accommodate the large influx of summer visitors. To accomplish this task the borough dedicates considerable resources to beachfront operations. The borough maintains 1.36 miles of public beaches with 29 access points, eleven of which offer handicap access and parking. Several of the beaches offer boardwalk entrances with sitting areas at the 21st and 4th street access points. Supervision of the beach and badge operations falls to the Ship Bottom Beach Patrol (SHBP). The SHBP headquarters is located on 26th street, approximately two lots from the beach. According to the patrol, the 7th, 8th, 14th, 15th, 18th, 19th and 20th street beaches are busiest with hotels, family rental business and nightly entertainment establishments. Based on SHBP records, visitors to the Ship Bottom beach totaled 310,167 and 392,146 for 1998 and 1999, respectively. SHBP also hosts the annual New Jersey State Lifeguard Championships.

The borough recognizes that, contrary to popular belief, beachfront operations require year round attention. Off-season planning and preseason preparations directly contribute to a successful beach operation. In an economy driven by tourism, any adverse publicity regarding poor beachfront operations could substantially reduce revenue raised from beach tag sales. Coastal communities are cognizant of this when they develop and conduct beachfront operations. Furthermore, beach erosion from a Nor'easter may create an unexpected expense.

Two departments have responsibilities related to the beach. The department of parks and recreation (DPR) oversees all lifeguard, beach badge, tennis, and boat ramp divisions. The department of public works (DPW) is responsible for maintenance and trash removal. During the summer season, Ship Bottom hires approximately 78 seasonal employees, who are assigned to DPR and it uses equipment valued at over \$100,000. Ship Bottom's beach operations begin the third week of June and continue through Labor Day. SHBP hires approximately 34 lifeguards. Since beach tags are needed for admittance to the beach, the SHBP hires approximately 20 seasonal workers to staff 29 beach access points collecting over \$370,000 in revenue during the 1999 summer season. DPW cleans the beach daily. Detailed information regarding beach patrol and badge checkers is provided in this section. DPW responsibilities are included in the public works section.

Expenditures

According to the 1998 and 1999 audits, the borough's salaries and wages were \$270,858 and \$272,484, respectively. Operations and expenditures for the same period were \$48,497 and \$51,070. Revenues for 1998 and 1999 were \$373,514 and \$375,553, compared to the estimated budget revenue of \$310,00 and \$320,000, a difference of \$63,514 and \$55,553, respectively. The following table compares revenues to expenditures.

Beach Operations Expenses to Revenue Comparison

Category	1998	1999	2000*
Beach Operations S/W & O/E	\$319,455	\$323,554	\$308,048
Administrative Cost (20%)	\$63,891	\$64,710	\$61,609
Total Beach Operations Cost	\$383,346	\$388,264	\$369,657
Beach Revenue	\$373,514	\$375,553	\$420,509
Net profit/(loss)	\$9,832	\$12,711	\$50,852

*S/W & O/E as of 10/00.

The team believes the above table does not include all beach-related costs. For example, the borough does not charge police operations to the beach, even though the police department takes control of beach operations when the lifeguards stop at 5 p.m. In addition, the borough does not budget reserve funds for beach damage associated with Nor'easter storms. A borough may incur expenses up to \$50,000 per storm.

Despite the inclement weather for 2000, overall beach revenues increased 10% over 1999. Based on the prior beach sales, the team estimates that 2001 revenue will be \$457,246. This revenue increase should provide the town with a reserve fund for storm damage and fund the additional recommendations suggested in this section of the report.

Recommendation:

New Jersey's beaches are susceptible to damage from hurricanes and Nor'easters. The borough does not currently fund a reserve account for the resulting damage. It is, therefore, recommended the borough establish a \$50,000 reserve account for storm damage.

Beach Fees

Operational expenses of beaches are generally funded through user fees, specifically, beach badges. Ship Bottom offers a variety of badges for daily, weekly, weekend and seasonal visitors. Senior citizens over age 65 receive a free badge but must pay for replacements. As per N.J.S.A. 40:61-22.20, the borough cannot charge for children less than 12 years old. Badge fees on the island are generally similar. The following table provides the island fees for 2000.

2000 Beach Fees on Long Beach Island

Municipality	Daily	Weekly	Weekend	Seasonal*	Seniors
Barnegat Light	\$3	\$10	\$4	\$25	\$7
Beach Haven	\$4	\$9	-	\$20	Free(65+)
Harvey Cedars	\$5	\$10	-	\$22	\$8
Long Beach Twp.	\$4	\$9	-	\$18	Free(65+)
Ship Bottom	\$4	\$12	\$5	\$22	Free**
Surf City	\$5	\$12		\$23	Free(65+)

*Regular Summer Rate. ** One-time issue – replacement fee \$3.

According to Ship Bottom ordinance 12.12.070 § I, the bathing season in the borough is generally from the last Saturday in June through the Sunday after Labor Day. As a result, the

borough loses approximately four weeks of beach revenue. Furthermore, according to the beach patrol, informal lifeguard services begin mid-May with skeleton crews staffing the beaches until the third week of June. Based on beach patrol records, the borough spends approximately \$342 per week for lifeguards. From Memorial Day to the last weekend in June, it staffs the beach with approximately 17 lifeguards per day. The total expenditures for this period are approximately \$20,433, including maintenance. Considering the borough's user fee policy, the borough should expand the beach fee collection season to begin on Memorial Day. Both the beach supervisor and badge checker supervisor indicated they could provide lifeguard services to most of the beaches and provide roaming badge checker crews.

Recommendation:

According to Ship Bottom Ordinance 12.12.070 § A-2, the cost of maintaining the beaches in a safe manner should be borne by those desiring to use the beaches. It is, therefore, recommended that the borough expand the beach fee season beginning on Memorial Day through the Sunday after Labor Day.

Revenue Enhancement: \$60,000

The LGBR team identified four divisions in the department of parks and recreation (DPR). These are lifeguard operations, beach badge operations, tennis courts and boat ramp. The organizational chart shows the departmental structure and staffing distribution.

BEACH PATROL

The beach patrol organization chart is shown in Appendix 14.

Life Guard Operations and Staffing

The borough has eight guarded beaches, including the bay beach, for a total of 14 lifeguard stations. The borough attempts to staff the beach patrol with 34 full-time guards, including three officers. The patrol staffs each stand with an experienced lifeguard. Lifeguard pay averages from \$300 per week for rookies to \$400 for veterans. In 1999, the borough paid \$156,849 in salary and wages for lifeguards.

The team calculated appropriate staffing using an LGBR staffing assessment and one from Long Beach Township and found that having 34 guards was generally appropriate. The borough has five additional part-time positions as a relief factor. The table below shows the average number of guards actually on duty and the number of incidents for 1998 and 1999. It does not represent LGBR's estimates of the borough's staffing needs.

**Ship Bottom Beach Patrol
1998 and 1999 Staffing and Incidents**

Year	Average Attendance	Average # of Life Guards on Duty	Rescues/ First Aid	Police Assisted	Lost Child
1998	3,565	25	1,104	16	50
1999	4,668	27	774	44	40

The table indicates that, although appropriate staffing is 34 lifeguards, the actual number on duty averaged 27 in 1999. This is 20.6% below the appropriate staffing. The patrol believed that the low average number of lifeguard actually on duty was the result of time off. Recognizing the limited labor pool of lifeguards, arbitrarily adopting a stricter attendance policy may only reduce the number of lifeguard applicants and further reduce the average. In order to deal with staffing problems, the patrol generally staffs the bay beach with one lifeguard and shortens the swimming areas on the beach. While water conditions at the bay beach do not compare to the ocean, parents with younger children frequently use the bay beach, and decreasing the swimming area does not reduce the number of swimmers. This only increases the risk to the borough. The team believes that by hiring additional part-time guards for peak periods and increasing lifeguard equipment (see equipment below), the borough should be able to achieve a staffing level closer to the appropriate 34. This includes three officer positions, a captain and two lieutenants.

Recommendation:

In 1999, the borough averaged approximately 27 lifeguards on duty, seven short of the appropriate staffing of 34. By increasing part-time positions from 5 to 10, the borough should be able to maintain proper coverage during peak periods.

Value Added Expense: \$11,000

Training

The beach patrol has a strong lifeguard-training program. In 1999, the patrol was certified by the United States Lifeguard Association (Open Water certified) and complied with N.J.A.C. 8:26-1 et. seq., Public Recreational Bathing. In addition, all lifeguards receive cardio-pulmonary resuscitation and first aid certification. Daily training activity includes running, swimming and lifeguard equipment. All documentation and employee records are located in the beach patrol facility and are well organized.

Life Guard Equipment

Standard equipment for lifeguards includes uniforms and a personal rescue floatation device. Each lifeguard stand has a rescue board, first aid kit, and a communication device. The patrol has three rescue boats (one non-functional), three kayaks and a kodiac. At the time of the review, the kodiac was stored in the garage, reportedly because it was not seaworthy. However, it was reported to the team that the police department had fixed the kodiac for beach use, but was instructed to deflate the boat and return it to the DPW. In addition, there are numerous lifeguard rescue boards, backboards, personal rescue floatation devices and miscellaneous items stored in the garage. The beach patrol did not have a detailed inventory of its assets.

According to the United States Lifesaving Association (USLA), the minimum equipment life guards/stands should have are, a rescue floatation device, masks and snorkel, binoculars, marker buoy(s), swim fins, sunscreen, and environment exposure equipment. This list is not inclusive. Additional information may be obtained the USLA at www.usla.org. The beach patrol does not provide guards with suntan lotion, bug spray, binoculars, umbrellas, masks, snorkels and fins, or personal coolers.

In the prior years, some patrol staff suffered from heat related illness as a result of the summer heat. Subsequently, the beach patrol should engage in cost avoidance practices to avoid future liabilities and workers compensation claims. The mandatory use of umbrellas, provision of environmental protective equipment, and coolers emphasizes the importance the borough places on its employees and reduces potential litigation issues surrounding skin cancer. The team made many of these suggestions during the review, which the borough officials acted upon during fieldwork. The borough should establish an employee responsibility policy that requires the employee to take responsibility for reimbursing the borough for any damaged equipment.

Recommendation:

It is recommended that the borough provide additional equipment to the lifeguards, such as, mandatory use of umbrellas, environmental protective equipment, and binoculars, to help minimize injuries and reduce the borough's liability risk and workers' compensation claims. The borough should review the United States Lifesaving Association lifeguard equipment list to determine if additional equipment is needed.

The borough should also explore the use of a sponsorship program to obtain some of this equipment. The actual valued added cost will be dependent upon the success of a sponsorship program by the borough.

Estimated One-time Value Added Expense: \$1,600

During the tour of the beach patrol facility, the team noticed the patrol did not have any weather monitoring equipment. If the patrol needs a weather report, they contact the borough, which calls the national weather center for an update. In years past, several quick moving thunderstorms struck the beaches before the patrol could evacuate the swimmers. On occasion, a patrol member would use a personal computer to monitor weather conditions on the Internet.

The team identified three alternative solutions to providing weather information to the beach patrol; a weather alert radio, a computer with Internet access, and a cable television with weather channel access. The team examined the computer option and cable option since a weather alert radio does not provide visual information on storm movements. Under the municipal cable agreement, the beach patrol may receive cable at no cost, except installation. An elected official indicated they could most likely obtain a donated television. If the borough opts to use a computer, there will be the additional cost of monthly access fees, a computer and an air conditioner. There were some concerns expressed about misuse of a television or Internet, however, the team feels this is easily handled through effective management policies.

Recommendation:

When a thunderstorm hits Ship Bottom, the patrol has the responsibility to clear the beaches. At the time of the review, the patrol did not have acceptable access to a weather monitoring system. It is, therefore, recommended that the borough install such a system. The team further recommends that the borough accept the free cable option (requires only an installation fee) and the donated television.

Fleet

The beach patrol has a pickup truck, sports utility vehicle, and four all terrain vehicles (ATV). The lifeguard operation uses the pickup truck and three ATV's, while the badge checkers use the sports utility vehicle and one ATV. None of the lifeguard vehicles has warning lights with sirens. During the summer, movement around the beaches becomes difficult because of beach bathers. Furthermore, an emergency response to the bay beach is delayed because the lifeguard vehicles have no emergency lights.

Recommendation:

It is recommended that the borough install emergency lighting and sirens on the beach patrol vehicles for use during emergency responses.

One-time Valued Added Expense: \$1,000

Lifeguards-in-Training

Every summer the beach patrol provides a free junior lifeguard program for children ages 11 to 15, for approximately three days a week for six weeks. The lifeguard-in-training's (LIT) mission is to educate and train children in basic lifeguard skills and rescue techniques, beach and ocean safety, and physical health and fitness. The program consists of stretching exercises, fitness training, educational sessions, and lifeguard equipment training activities. The team interviewed participants in the LIT program and was impressed by the obvious mentor relationship that developed between participants and staff. Since the program's inception, eight LIT trainees have joined the ranks of the beach patrol.

The ability to attract qualified applicants has become competitive as two other municipalities on the island have similar programs. An additional financial incentive may increase the likelihood of junior lifeguards joining the beach patrol. One such option may include adding a \$5 participation fee and awarding the funds collected to LIT's that are hired as regular beach patrol the following year. For example, in 2000, the beach patrol reported approximately 100 teenagers participated in the LIT program. This translates into an award of \$500. Based on the patrol's estimate of possibly five LIT's joining the beach patrol, the next season, a signup bonus of \$100 would be awarded to each LIT.

Recommendation:

In recent years, the hiring of lifeguards on the island has become competitive. A LIT application fee of \$5 used to fund an award/bonus plan would encourage LIT's to join the Ship Bottom Beach Patrol when eligible for enrollment.

The team had the opportunity to observe the LIT program and found it well organized. The team, however, noticed, and the beach patrol confirmed, that there was an insufficient amount of equipment for the number of teenagers participating. Based on the increasing enrollment of 30 in 1997 to 100 in 2000, the borough may need to purchase additional equipment for the LIT program. With the number of businesses and residents on the island, the team feels business-sponsored donations, with advertisement on the items, should provide enough equipment for the program.

Recommendation:

It is recommended that the beach patrol begin a sponsorship program for the necessary equipment for the LIT program. In exchange for the donation, the sponsor is allowed to advertise their business on the donated equipment. In addition, the borough should actively seek grant funding, since the program is currently a nonprofit educational program for children.

Beach Wheels Program

In addition to handicapped access and parking, the borough provides handicapped wheel chairs for the beach. The chairs are constructed of plastic piping with large wheels that make it easier to push the chair over sand. All of the chairs have been donated and are available free of charge. Visitors may reserve the chairs on a weekly basis. If needed, the patrol will even wheel users to the beach.

The team commends the borough for helping handicapped individuals to gain access to its beaches.

Beach Badge Operation

The badge checker hours are from 10 a.m. to 4 p.m. daily. The borough has 16 stations, four of which have a badge checker stationed at all times. The remaining 12 stations are staffed with a sitting/walking station where checkers assigned to these stations are also responsible for periodically patrolling three access point areas. For example, the beach patrol staffs the 15th street entrance with a badge checker who remains at the entrance at all times. The badge checker assigned to the 4th street must patrol the 3rd and 5th street access areas as well. During the day, the badge checker patrol sweeps the entire beach at least three times.

At the beginning of employment, badge checkers receive a fanny pack with a \$20 change purse, three tank tops identifying them as Ship Bottom employees and one sweatshirt. At the end of the season, the employees must turn in all items, including the twenty dollars in exchange for their final paycheck.

Each day, checkers receive 25 to 50 badges to sell. If the checker sells the allotment, the checker will notify the nearest lifeguard who notifies the beach patrol headquarters. In addition, when a checker has collected more than \$300, the checker will seal it in an envelope and call for a pickup. At the conclusion of the workday, badge checkers return to the beach patrol house, receive their sealed envelopes and proceed to reconcile the day's sales with the supervisor and another witness. Discrepancies are the responsibility of the checker and are deducted from their paychecks.

Staffing

In 1999, the borough employed a total of 33 badge checkers, including one supervisor and an assistant supervisor. The average daily attendance ranged from approximately 16 – 20 checkers, depending on the time of the season and requested days off. Badge checker's pay range from a first year wage of \$5.50 to \$6.00 for the three years. The 1999 salary and wage costs were \$53,817.

In beach operations, the team generally recommends that every access point should have a beach badge station. In prior reviews of beach badge operations, the LGBR unit found that a badge station at every access point increases revenues, since it improves the likelihood that all beach users will be checked, unlike roaming patrols, which are not as effective.

The increase in inclement weather and beach fees made it impossible to determine if 100% coverage would increase revenues. However, the SHBP felt that an incentive program for the badge checkers implemented for the 2000 summer resulted in increased sales over prior year, which suggests that not all visitors were purchasing badges. One method of determining if 100% coverage will increase revenues is to monitor sales for each access point and swim area for the 2001 season. For the 2002 season, the SHBP should provide 100% coverage only for a specific area. A comparison of sales between the 2001 and 2002 will aid the borough in determining if the 100% coverage increases revenues.

Recommendation:

Based on prior reviews, having a beach badge station at every access point generally increases revenue. However, excessive inclement weather during the review prevented the team from concluding if 100% access coverage would improve revenues. It is recommended that the borough consider pilot testing 100% coverage on a section of the beach. A comparison to the prior year statistics for the same section of beach will provide the additional information needed to decide.

Communication

The team observed the badge checkers and found them to be courteous and professional. This is especially critical, since charging visitors a beach fee is sometimes a controversial issue. The SHBP reported that in the past, police intervention has been required for disorderly visitors. If a disgruntled visitor confronts or refuses to pay for a badge, the checker must seek assistance from the nearest lifeguard station, who then radios for assistance from patrol headquarters. If the confrontation escalates, the checkers are instructed to withdraw from the situation and wait for the supervisor.

The lack of communication equipment for badge checkers results in a delayed response when they need assistance. This represents a liability risk if a physical confrontation occurs. Two-way radios will also aid the operation if a badge checker falls ill or needs additional badges.

Recommendation:

Given the limited beach coverage and the inexpensive cost of two-way communication devices, the team feels the issuance of communication radios to the badge checkers will minimize their risk when confronted with a situation and it will improve operations. It is recommended that the borough purchase communication devices for the badge checkers.

One-time Value Added Expense: \$2,000

Equipment

The borough does not provide the checkers with sun protection lotion, bug lotion, or beach umbrellas. During the 1999 season, the excessive heat caused several beach badge checkers to become ill, resulting in understaffing. In addition, a westerly wind and the location of the stations near the dunes results in numerous bug bites from mosquitoes and flies.

Recommendation:

In order to minimize risk to badge checkers, the borough should supply beach badge checkers with proper protection from the environment. Beach umbrellas should be part of the sponsorship program described in the lifeguard section. The value added enhancement cost is included in the lifeguard equipment recommendation.

Cash Procedures

According to the available records, the beach patrol's average collection is approximately \$1,600 to \$2,000 a day. On busy holiday weekends, this amount can be up to \$10,000. During the team's review, we found when badge checkers submitted their daily receipts, they were locked in the glove box of the badge checker's vehicle. At the end of the day, the supervisor and the badge checker reconciled the receipts against the number of badges provided, placed them into a night deposit bag, and placed them in the bank. The next day, the finance office picks up the deposit bag at the bank, returns to borough hall, counts the money again, and fills out a deposit slip. A courier then picks it up later in the day for deposit into a different bank. By the time the courier takes the days receipts to the bank, it becomes part of the next day's business transaction.

This procedure for counting beach receipts is inefficient. A more efficient alternative is to have the badge checker supervisor deposit the money and give the certified deposit slip to the finance office. The finance office can reconcile that amount against the supervisor's records. By eliminating the finance office from counting the receipts, the borough will gain a productivity enhancement of \$1,261.

Recommendations:

The existing cash management process of the beach badge receipts results in a two-day delay in interest earnings. It is recommended that the beach patrol deposit badge receipts directly in the bank twice a day resulting in a slight increase in interest earnings. By having the bank count the receipts as part of the bank depositing procedures, the finance office will gain a productivity enhancement of \$1,400.

Productivity Enhancement: \$1,400

Because the beach patrol facility does not have a safe, the badge checkers store the day's receipts in the glove compartment of their borough vehicle. It is recommended that the borough install a safe in the beach patrol facility for secure storage of the days receipts.

One-time Value Added Expense: \$700

HARBOR OPERATIONS

The borough operates a boat ramp facility located to the right of the causeway as you enter Ship Bottom. There is also a small boardwalk along the waterfront that leads to a fishing/crabbing area under the causeway, and a gazebo for visitors to appreciate the scenic view of the bay. The borough also constructed a restroom facility and a small playground. A community-based organization maintains the landscaping around the restrooms and the playground.

The borough installed a wide ramp divided by bulkhead poles with a platform on the outer sides that permits the launching or retrieval of two boats at a time without having the vessel owner enter the water. Its deep channel and location to the Inter-coastal Highway attracts larger vessels. Just 50 yards to the south, the borough constructed a smaller ramp for personal watercraft use.

Expenditures

According to borough records, one full-time, two part-time, and one-substitute harbormaster staff the boat ramp facility. In 1999, salaries and wages were \$13,222 with operational overhead and expenditures of \$3,900. The borough staffs the ramp from 7 a.m. to 7 p.m. seven days a week.

The borough instituted a three tiered pricing system for daily, weekly, and seasonal use. The following table displays the 1997, 1998, 1999, and part of year 2000 revenue stream. The team included the 2000 revenue to reflect the decline in usage as a result of inclement weather.

Boat Ramp Revenue 1997 – 1999

	Daily - \$10		Seasonal - \$70		Commercial - \$500		Total
	Issued	Amount	Issued	Amount	Issued	Amount	
1997	2,203	\$22,030	385	\$26,950	0	0	\$49,040
1998	3,389	\$33,890	269	\$18,830	1	\$500	\$53,220
1999	3,210	\$32,100	271	\$18,970	1	\$500	\$51,570
2000*	3,025	\$30,247	185	\$12,950	1	\$500	\$43,697

*May through September 11, 2000

Still, in 1999, the borough received \$51,070 from the boat ramp, but only expended \$17,222 in salary and operational expenditures. The team identified an additional \$3,444 in administrative costs and \$3,000 for maintenance and janitorial responsibilities done by the DPW leaving a total excess income over expenditures of \$27,485 excluding long term capital costs.

According to a court decision, Slocum vs. the Borough of Belmar (1989), municipalities must establish user fees based on operational expenses and may not use the fees to fund the general budget. While it appears that Ship Bottom's fees may be high, the team cautions the borough on lowering the rates until a full capital and operating evaluation of the boat ramp has been performed. For example, the borough should consider additional lighting, paving, upgrades to the personal watercraft ramp, and long term replacement costs though the funding of a capital reserve account over several years. In addition, the team found that the municipal clerk coordinates almost all of the activities held at the boat ramp. These activities represent additional charges to the boat ramp operations.

Recommendation:

The borough should have the solicitor review the Slocum vs. Belmar (1989) decision to determine the legal implications concerning the amount of user fees charged at the boat ramp.

Boat Ramp Fees

The team toured the four public ramps on the Island. The following table outlines the fee structure for the four public ramps:

Long Beach Island Public Boat Ramps

Type	Surf City	Barnegat	Beach Heaven	Ship Bottom
Daily	\$15	\$11	\$10	\$10
Weekly	N/A	N/A	\$30	N/A
Seasonal	\$50	\$75	\$60	\$70
Commercial	\$50	\$175	\$250	\$500
Comment	Shallow Ramp	28ft Max Size	Single - Extra Wide Ramp	Deep Water & Multiple Ramps

The team had reservations concerning what appear to be excessive commercial rates. For a season pass of \$500 per trailer, commercial usage of the ramp remains virtually nonexistent, with the exception of one vendor who stacks six to eight kayaks on a trailer. Interviews with several boat dealers found that vendors use alternate sites that are less expensive or will drive inland to the back bay areas where there is a free boat ramp. Furthermore, residents informed the team that local commercial vendors use the ramp after hours. The team believes that a reduction in the commercial rate to \$200 per dealer will increase revenue. While the team could not establish an actual dollar amount, the team estimates that the borough should be able to increase revenue by \$3,600.

Recommendation:

The team believes that the existing seasonal commercial rate of \$500 per trailer deters commercial usage. It is recommended that the borough lower the commercial rate to \$200 per dealer for a revenue enhancement of \$3,600. The borough may consider limiting the number of commercial seasonal passes to 20, preventing excess commercial usage of the ramp.

Revenue Enhancement: \$3,600

The borough also uses the boat ramp area for community activities including a carnival and car show. The carnival runs for six days and the car show is on a Saturday. When these events occur, the boat ramp area access is greatly diminished or generally closed to business due to the excessive traffic and parking needs.

The LGBR team estimates a revenue loss of \$1,100 when the ramp is closed to business. The borough has an alternate site to host community events on Barnegat between 4th and 5th Streets.

This area can easily accommodate both the events and parking. The team understands that the boat ramp offers better visibility for the events. However, the borough should consider if the events represent a community value that is worth more than the revenue loss.

Recommendation:

Community events held at the boat ramp impact or terminate ramp operations creating a revenue loss of approximately \$1,100. It is, therefore, recommended that the borough consider use of the fields between 4th and 5th Street for community events for a revenue enhancement of \$1,100.

Revenue Enhancement: \$1,100

PARKS AND RECREATION

Parks

Ship Bottom borough offers residents and visitors seven recreational parks. The following table outlines the park's name, location, and amenities.

Park Name	Location	Facility – Amenities
Fourth Street Park	4 th Street(by the bay)	Scenic Bay Walk, Parking, Gardens, Fishing and Crabbing
5 th Street Ball Park	Barnegat & 5 th	Fields, Ball Park
Sunset Point	Bay Terrace & 14 th	Gazebo, Gardens, Restrooms
Bay Beach	Bay Terrace & 15 th	Swimming, Lifeguard, Restrooms, Gardens
Beach Arlington	Bay Terrace & 16 th	Playground, Pavilion, Parking
John J. Guld Park	Barnegat & 6 th	Tennis, Bocci, Horseshoe, Shuffleboard
Fishing and Crabbing Pier	Central Ave & 25 th Pier	Fishing and Crabbing

The team toured each facility and found the parks clean and in good order. According to the 1999 audit, the borough spends \$12,516 in salary and wages and \$4,296 in operational expenditures.

Tennis, Bocci, Shuffle, and Horseshoe Courts

The borough maintains two tennis courts, one bocci field, three shuffleboard courts and three horseshoe pits on Barnegat Avenue between 5th and 6th Streets. The borough installed the facility in 1996 from a Green Acres grant. As a condition of the grant, the facilities are open to all residents and visitors to the area and the borough may only charge a standard flat fee. The Bocci field, shuffle board and horseshoe pits are free. Visitors and residents may use the tennis courts for free if they have a beach badge. If they don't, they must purchase one.

In 1999, the team estimated the tennis courts were reserved for 650 sessions. Revenue for badge sales at the courts was approximately \$200. It was reported to the team, that residents on the

island would purchase a seasonal beach badge for \$22 and use the facilities for the entire summer. The team noticed that many of the names in the reservation book were similar. The following table outlines comparable courts on the island.

2000 Long Beach Island Tennis Court Fees	
Municipality	Fee
Barnegat Light	\$10.00 hr.
Beach Haven	\$8.00 hr. (7 a.m. – 2 p.m.) \$5.00 hr. (2 p.m. – closing)
Harvey Cedars	\$10.00 hr.
Long Beach Township	\$5.00 hr.
Ship Bottom	Valid Beach Badge
Surf City	Valid Beach Badge

The borough installed the tennis courts for \$876,000; \$426,000 of this amount was for land acquisition and \$450,000 was for facility construction. The borough does not maintain detailed records of operating expenses. However, the team estimated a \$3,700 position costs and \$2,000 grounds and maintenance cost for the facility. Based on the 1999 badge collections of \$200, the team estimates the facility costs the borough \$5,500 annually.

Recommendation:

The borough should consider the two options listed below:

Option 1:

A comparison to tennis facilities on the island found per hour charges ranging from \$5 to \$10. Some of these boroughs required and others did not require the purchase of a beach badge. It is, therefore, recommended that the borough establish an \$8 per hour charge for the tennis courts in addition to the beach badge requirement, for an estimated revenue enhancement of \$5,200.

Revenue Enhancement: \$5,200

Option 2:

An alternative would be to eliminate the beach badge requirement and related staffing of the courts. Scheduling would be transferred to the beach patrol headquarters or the receptionist in the borough hall and a deposit would be required by all users to insure return of any borough equipment. This alternative would yield a \$3,700 cost savings.

Cost Savings: \$3,700

III. COLLECTIVE BARGAINING ISSUES

An area that frequently presents significant opportunities for savings is negotiated contracts. While they represent opportunities for savings, the savings and contract improvements are most likely to occur incrementally, through a well-conceived process of redeveloping compensation packages to be equitable and comprehensive. For this reason, we present those issues subject to collective bargaining agreements separately in this section.

The borough has three major collective bargaining units. The Long Beach Island Policemen's Benevolent Association represents the police. The Teamsters Local 35 represents two units, the office professionals and the public works department.

Each of the three contracts is similar in terms of sick leave, vacation, holidays, etc. They are also organized in a similar fashion.

The borough is commended for negotiating similar contracts, which improve the efficiency of the negotiation and administration processes.

Sick Leave

Upon retirement or death each employee is paid for 50% of unused sick leave to a maximum of \$15,000.

The team commends the borough for putting a \$15,000 cap on sick leave payments.

Work Hours

Both the police and the public works personnel work a 40-hour week. However, the office professionals only work a 32.5-hour week. The industry standard workweek for office personnel is at least a 35-hour week and, sometimes, a 37.5-hour week. If Ship Bottom's office personnel worked a 35.0-hour week, productivity would increase about 7.7%. The enhanced productivity based on the current position value of these personnel is \$25,000.

Recommendation:

It is recommended that Ship Bottom's office personnel should work a 35-hour week rather than the current 32.5 hours. Productivity would increase 7.7% and the value of this increase is \$25,000.

Potential Productivity Enhancement: \$25,000

Longevity

The borough has longevity for each of its bargaining units. All three contracts provide that longevity begins upon completing four years of service. The amount is 2% of base salary and begins on the employee's anniversary date. It is paid with the base pay for police, and in one payment in November for the other bargaining units. It increases 1% per year to a maximum of 6%. After 18 years of service it increases to 8%.

The borough expended a total of \$56,088 on longevity in 1999 (see table below).

Unit	Amount	Percentage
Police	\$29,841	53.2%
Public Works	\$10,349	18.5%
Water & Sewer	\$3,611	6.4%
Office	\$12,287	21.9%
Total	\$56,088	100.0%

LGBR views longevity payments simply as additional compensation, based solely on length of employment, with no credible tie to performance. LGBR believes that compensation should be based on employee accomplishments, not how many years they have worked.

Recommendations:

It is recommended that the borough work to eliminate longevity. At the very least, the borough should eliminate it for new employees. It is further recommended that the borough revise the method used to calculate longevity payments. The borough should use a flat dollar amount, instead of a percentage, and pay police in a lump sum payment once per year, as it does with the other two bargaining units. These changes reduce costs by lowering the compounding of percentage increases, and pension and overtime costs that may be tied to salaries.

IV. SHARED SERVICES

Tremendous potential for cost savings and operational efficiencies exists through the implementation of shared, cooperative services between local government entities. In every review, Local Government Budget Review strives to identify and quantify the existing and potential efficiencies available through the collaborative efforts of local officials in service delivery, in an effort to highlight shared services already in place and opportunities for their implementation.

The borough shares many services with other boroughs on and off the island. These include:

- construction code official (cost is shared among five of the six boroughs on the island);
- the Long Beach Township provides health services for Ship Bottom and most of the other boroughs on the island;
- the borough provides water to a small part of Stafford Township and has backup water agreements with Surf City to the North and Beach Haven to the South;
- Surf City has a mutual service agreement with the borough to provide police dispatching services on weekends, during the week from 4:00 p.m. until 9:00 a.m., and on all holidays;
- the borough and eight other municipalities have an inter-local agreement with Ocean County to provide road and maintenance work and storm sewer work; and
- Ship Bottom is currently negotiating coordinated office of emergency management services with all of the boroughs on the island.

LOCAL GOVERNMENT BUDGET REVIEW ACKNOWLEDGEMENTS

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Appendix 1
Ship Bottom Square Miles, Assessments
and Income Compared to Long Beach Island 1999

Name	Square Miles	Ocean Frontage	Bay Frontage	Total Ocean & Bay	Effective Tax Rate	Med House. Income	Per Capita Income	Mun. Purp. Tax Rate	Total Ratables
Barnegat Light Boro.	0.70	2.14	8.00	10.14	1.134	37,955	25,973	0.221	315,628,427
Beach Haven Boro.	1.00	1.92	2.61	4.53	1.702	31,371	18,527	0.723	527,005,815
Harvey Cedars Boro.	0.55	2.02	3.72	5.74	1.308	35,781	21,482	0.455	369,089,533
Ship Bottom Boro.	0.71	1.33	2.15	3.48	1.542	29,205	17,782	0.547	379,762,580
Surf City Boro.	0.65	1.43	2.12	3.55	1.487	28,009	15,907	0.466	468,096,732
Average	0.72	1.77	3.72	5.49				0.482	411,916,617
Long Beach Twp.	4.30	11.74	18.64	30.38	1.344	31,775	21,545	0.373	2,310,776,228
Totals	7.91	20.58	37.24	57.82					
			Ship Bottom		1.542	29,205	17,782		
			Avg. all but Ship Bottom		1.395	32,978	20,687		
Average width	0.38		Difference		0.147	(3,773)	(2,905)		
			Percent		10.5%	-11.4%	-14.0%		

Appendix 2

Overview of Ship Bottom Revenues, Expenses and Surplus 1995-1999

		Yr 95	Yr96		Yr97		Yr98		Yr99		% of	Total	Total	Avg.
		Total	Amt	Chg	Amt	Chg	Amt	Chg	Amt	Chg	Total Rev/Ex	Increase	%	Annual
REVENUES											Realized	From Base	Increase	Increase
Local	Beach Fees	330,143	328,234	-0.6%	347,827	6.0%	373,514	7.4%	375,553	0.5%		45,410	13.8%	3.4%
Non-	Other	165,583	150,648	-9.0%	173,571	15.2%	194,223	11.9%	255,956	31.8%		90,373	54.6%	13.6%
Tax	Subtotal	495,726	478,882	-3.4%	521,398	8.9%	567,737	8.9%	631,509	11.2%	14.6%	135,783	27.4%	6.8%
Mun.	Total Assessed Value	373,453,247	371,193,900	-0.6%	371,848,100	0.2%	374,994,500	0.8%	379,762,700	1.3%		6,309,453	1.7%	0.4%
Purp.	Tax Rate Applied to New Asses. Value	0.501	0.488	-2.6%	0.499	2.3%	0.527	5.6%	0.547	3.8%		0.046	9.2%	2.3%
Taxes	Tax Rev. Generated if 100% collected	1,871,001	1,811,426	-3.2%	1,855,522	2.4%	1,976,221	169.6%	2,077,302	5.1%		206,301	11.0%	2.8%
	Actual Collected (before reserve for uncoll.)	1,670,206	1,615,525	-3.3%	1,708,048	5.7%	1,827,149	7.0%	1,875,614	2.7%		205,408	12.3%	3.1%
	Reserve for Uncoll.	334,287	317,820		291,398		259,000		275,000					
Other	Delinq. Tax	211,273	320,048		205,672		180,234		173,668			(37,605)	-17.8%	-4.4%
Tax	Int. & Costs	38,500	145,579		56,269		35,543		31,709			(6,791)	-17.6%	-4.4%
Rev	Subtotal	249,773	465,627	86.4%	261,941	-43.7%	215,777	-17.6%	205,377	-4.8%	4.7%	(44,396)	-17.8%	-4.4%
Aid	State Aid	289,660	262,738	-9.3%	253,166	-3.6%	256,837	1.5%	257,218	0.1%	5.9%	(32,442)	-11.2%	-2.8%
Total Operating Revenue		3,039,652	3,140,592	3.3%	3,035,951	-3.3%	3,126,500	3.0%	3,244,718	3.8%	74.8%	205,066	6.7%	1.7%
Other	Other Rev.	13,052	51,877		49,310		66,651		14,165	-78.7%	0.3%	1,113	8.5%	2.1%
Revenue	Non-Bud Rev.	115,118	120,946		178,965		115,137		176,602	53.4%	4.1%	61,484	53.4%	13.4%
Total Ongoing Revenue & One-Time Revenue:		3,167,822	3,313,415	4.6%	3,264,226	-1.5%	3,308,288	1.3%	3,435,485	3.8%	79.2%	267,663	8.4%	2.1%
	One-Time: (Reserve for Debt Service Cx)	100,000	100,000		60,377									
	One-Time: (Utility Operating Surplus)		74,400		0		0							
	Total One-Time	100,000	174,400		60,377									
	Total Revenues W/out Fund Balance	3,267,822	3,487,815	6.7%	3,324,603	-4.7%	3,308,288	-0.5%	3,435,485	3.8%		167,663	5.1%	1.3%
	Fund Balance Appropriated	800,000	815,000		897,000		945,000		900,000		20.8%			
	Total Realized Revenue (To Reconcile)	4,067,822	4,302,815		4,221,603		4,253,288		4,335,485					
Total Realized Revenues From Audit		4,067,822	4,302,815	5.8%	4,221,603	-1.9%	4,253,288	0.8%	4,335,485	1.9%	100.0%	267,663	6.6%	1.6%
EXPENSES														
	S&W (excluding Police)	717,001	756,211	5.5%	793,280	4.9%	822,054	3.6%	770,956	-6.2%	22.3%	53,955	7.5%	1.9%
	S&W Police (excl. COPS FAST & Driv)	563,533	594,874	5.6%	622,007	4.6%	658,695	5.9%	693,038	5.2%	20.0%	129,505	23.0%	5.7%
	Total S&W (1)	1,280,534	1,351,085	5.5%	1,415,287	4.8%	1,480,749	4.6%	1,463,994	-1.1%	42.3%	183,460	14.3%	3.6%
	O/E	1,152,576	1,180,110	2.4%	1,218,567	3.3%	1,172,996	-3.7%	1,206,302	2.8%	34.9%	53,726	4.7%	1.2%
	Debt Service	190,780	185,493	-2.8%	201,428	8.6%	242,472	20.4%	310,838	28.2%	9.0%	120,058	62.9%	15.7%
	Deff. & Statutory Charges W/in CAP:													
	Social Sec. Cont.	99,961	99,446	-0.5%	102,592	3.2%	114,995	12.1%	115,673	0.6%		15,712	15.7%	3.9%
	Pension		556						77,987	N/A		77,987	N/A	
	Unempl. Insurance	2,742	2,825		2,998		2,235	-25.5%	2,648	18.5%		(94)	-3.4%	-0.9%
	Subtotal	102,703	102,827	0.1%	105,590	2.7%	117,230	11.0%	196,308	67.5%	5.7%	93,605	91.1%	22.8%
	Capital Impro.	5,000	5,000	0.0%	5,000	0.0%	5,000	0.0%	5,000	0.0%	0.1%	-	0.0%	0.0%
	Deff. & Statutory Charges Excl. fr CAP:													
	Emerg./Spec. Emerg. Author/Judgements	18,900	18,024	-4.6%	7,872	-56.3%	8,000	1.6%	2,000	-75.0%	0.1%			
	Construction of Recreational Fac/Other	9,524												
	Subtotal General Appropr (W/out Reserve)	2,760,017	2,842,539	3.0%	2,953,744	3.9%	3,026,447	2.5%	3,184,442	5.2%	92.1%	424,425	15.4%	3.8%
	Show Adjust. for Police Retro Pay Inc.(2)		(30,838)		(30,838)		61,675							
	Total Adjusted Approp.	2,760,017	2,811,701		2,922,906		3,088,122		3,184,442					
	From Audit	2,760,017	2,811,701	1.9%	2,922,906	4.0%	3,088,122	5.7%	3,184,441	3.1%		424,424	15.4%	3.8%
	Add Reserve for Uncollected	334,287	317,820	-4.9%	291,398	-8.3%	259,000	-11.1%	275,000	6.2%	7.9%			
	Total General Appropriation	3,094,304	3,129,521	1.1%	3,214,304	2.7%	3,347,122	4.1%	3,459,441	3.4%	100.0%	365,137	11.8%	3.0%
	Surplus	973,518	1,173,294	20.5%	1,007,299	-14.1%	906,166	-10.0%	876,044	-3.3%		(97,474)	-10.0%	-2.5%
	Surplus as % of Current Fund Revenues	23.9%	27.3%		23.9%		21.3%		20.2%					

(1) Police received a retroactive pay increase for police '96 & '97 in 1998. We adjusted salary amounts accordingly.

(2) When we took dollars from police in '98 for retroactive pay increase in '97 and '96 the general approp was lower than in audit, we therefore had to add the funds back to reconcile.

The opposite occurred for the changes in '96 and '97.

Appendix 3
Ship Bottom Projected Revenues And Expenses
1999-2004

REVENUE	1999	2000	2001	2002	2003	2004	Total Amount of Increase (Decrease)	Percent Increase (Decrease)	Total Yearly Amount of Increase (Decrease)	Annual Percent Increase (Decrease)
Local Non-Tax										
Beach Fees (2000 amount is estimate based on actual receipts)	375,553	420,000	434,280	449,046	464,313	480,100	104,547	27.8%	20,909	5.6%
Other Local Non-Tax (1)	255,956	244,841	249,983	255,232	260,592	266,065	10,109	3.9%	2,022	0.8%
Subtotal	631,509	664,841	684,263	704,278	724,905	746,164		18.2%	-	3.6%
Expected Annual Increase		-11,115	5,142	5,250	5,360	5,472				
Local M. Tax (Rate Held Flat But With Avg Assess Inc past 4 yrs)	1,875,614	1,883,116	1,890,649	1,898,212	1,905,804	1,913,428	37,814	2.0%	7,563	0.4%
Expected Annual Increase		7,502	7,532	7,563	7,593	7,623				
Misc Revenue										
Delinquent Taxes	173,668	170,195	166,791	163,455	160,186	156,982	-16,686	-9.6%	(3,337)	-1.9%
Interest and Costs	31,709	31,075	30,453	29,844	29,247	28,662	-3,047	-9.6%	(609)	-1.9%
State Aid	257,218	252,074	247,032	242,092	237,250	232,505	-24,713	-9.6%	(4,943)	-1.9%
Other Revenue	14,165	14,307	14,450	14,594	14,740	14,888	723	5.1%	145	1.0%
Non Budget Revenue	176,602	187,198	198,430	210,336	222,956	236,333	59,731	33.8%	11,946	6.8%
Subtotal	653,362	654,848	657,156	660,321	664,379	669,370	16,008	2.5%	3,202	0.5%
Expected Annual Increase		1,486	2,308	3,165	4,058	4,991				
Total Revenue (minus fund balance, and reserve for uncollected)	3,160,485	3,202,805	3,232,067	3,262,810	3,295,089	3,328,962	168,477	5.3%	33,695	1.1%
EXPENSES										
Expected Overall Salary Minus Police	770,956	807,191	845,129	884,850	926,438	969,980	199,024	25.8%	39,805	5.2%
Expected Overall Police Salary	693,038	732,541	774,296	818,431	865,081	914,391	221,353	31.9%	44,271	6.4%
Total S & W	1,463,994	1,539,732	1,619,425	1,703,281	1,791,519	1,884,372	420,378	28.7%	84,076	5.7%
O/E	1,206,302	1,220,778	1,235,427	1,250,252	1,265,255	1,280,438	74,136	6.1%	14,827	1.2%
Total S&W and O/E	2,670,296	2,760,510	2,854,852	2,953,533	3,056,774	3,164,810	494,514	18.5%	98,903	3.7%
Debt Service	310,838	298,056	285,273	292,490	278,848	120,737	-190,101	-61.2%	(38,020)	-12.2%
Scheduled Annual Changes		(12,782)	(12,783)	7,217	(13,642)	(158,111)				
Estimated Annual Costs to Bond for Major Renovation to Borough Hall			50,000	50,000	50,000	50,000				
Deffered And Statutory Expenses										
Social Security	115,673	120,184	124,871	129,741	134,801	140,059	24,386	21.1%	4,877	4.2%
Other	80,635	80,635	80,635	80,635	80,635	80,635	0	0.0%	-	0.0%
Subtotal	196,308	200,819	205,506	210,376	215,436	220,694	24,386	12.4%	4,877	2.5%
Expected Annual Increase		4,511	4,687	4,870	5,060	5,257				
Capital Improvements	5,000	5,000	5,000	5,000	5,000	5,000	0	0.0%	-	0.0%
Deffered And Statutory Excl CAPS/Emergencies	2,000	6,000	6,000	6,000	6,000	6,000				
Subtotal General Appropriation	3,184,442	3,270,385	3,406,631	3,517,399	3,612,059	3,567,240	382,798	12.0%	76,560	2.4%
Total Increases		81,943	136,246	160,768	144,659	5,182				
Amount Total Revenues Exceed Or (Are Less Than Expenses)	(23,957)	(67,580)	(174,564)	(254,589)	(316,970)	(238,278)				
Value of One Cent Increase In Mun Purp Tax		38,128	38,281	38,434	38,588	38,742				
Potential Tax Increase Points		1.8	4.6	6.6	8.2	6.2				
Average Value/Resident Unit	181,514	185,144	188,847	192,624	196,477	200,406				
Average Annual Mun Purp Tax Rate And Adjusted to Meet Need	0.547	0.547 (2)	0.593	0.659	0.741	0.803				
Average Taxes (appreciation results in about a \$20 yearly increase.)	993	1,013	1,120	1,269	1,456	1,609	616	62.1%	123	12.4%

(1) The '99 UCC amount of \$76,151 covers approx. two years. The Borough Admin/CFO estimates that \$50,000 is more likely to be the yearly revenue.

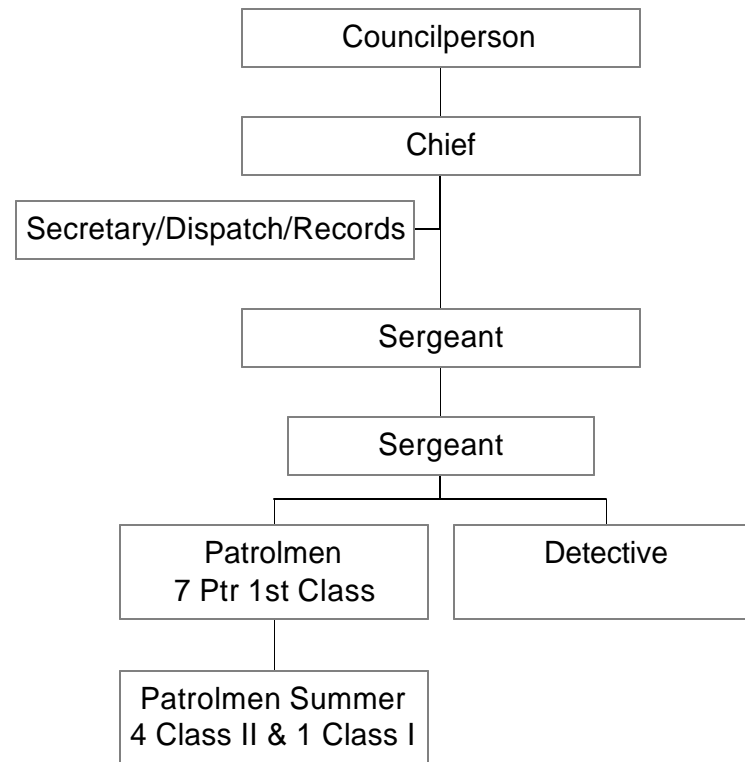
(2) For The Year 2000 the Borough was able to address the shortfall by taking funds from the Capital Fund as occurred in earlier years. Hence, the Team kept the tax rate the same as in 1999.

Appendix 4

Ship Bottom Monthly Court Cases Disposed And Staff Effort 1999

CASES	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTALS		Grand
Total Disposed	60	45	45	45	51	160	355	317	343	130	107	32	Summer Season	Off-season	Total
STAFF EFFORT															
Court Clerk, Monthly Avg Hrs. Worked (M-F)	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	600.0	600.0	1,200.0
Part-time, Summer Assistant & Volunteer	8.0	8.0	8.0	8.0	8.0	108.0	108.0	108.0	8.0	8.0	8.0	8.0			
Total Monthly Average Hrs. Worked (M-F)	108.0	108.0	108.0	108.0	108.0	208.0	208.0	208.0	108.0	108.0	108.0	108.0			
RATIO															
Average Staff Hours Per Case (# disposed/staff hours)	1.8	2.4	2.4	2.4	2.1	1.3	0.6	0.7	0.3	0.8	1.0	3.4			
						Average for Summer workload is .5									
STAFF HOURS NEEDED BASED ON SUMMER RATIO															
Average July, August, September = .5 hours per case															
Average Monthly Staff Hours Needed Using Summer Ratio of .5	30.0	22.5	22.5	22.5	25.5	80.0	177.5	158.5	171.5	65.0	53.5	16.0			
Total Recomm. Hours of Court Clerk (M-F) (Reduced by 50% in off-season)	50.0	50.0	50.0	50.0	50.0	N/A	N/A	N/A	N/A	N/A	N/A	50.0	600.0	300.0	900.0
					Total Jan. through May										
					246										
					Total Nov. and Dec.										
					139										
					Total Off season			In season							
					385			1,305							
					3.4										

Ship Bottom Police Department



**Statutory Provisions Related to Police Department Consolidation
(Excerpts from the Avalon/Stone Harbor Police Department Technical Assistance Report
prepared by the Department of Law and Safety Division of Criminal Justice 2/9/99)**

The Interlocal Services Act (N.J.S.A. 40:8A-1 et. seq.) empowers any municipality, county school district, or regional authority or district, to enter into a contract with any other local unit(s) for the joint provision within their jurisdictions of any service which any party to the contract is empowered to provide. N.J.S.A. 40A-14-118 authorizes a municipality to create, by ordinance, a police force. The Interlocal Services Act specifically provides, in pertinent part,

[t]he parties to a contract authorized by this act may agree to provide jointly, or through the agency of one more of them on behalf of any or all of them, any service or aspect of a service which any of the parties on whose behalf such services are to be performed may legally perform for itself. Such services shall include, but not be limited to, the areas of general government administration health, police and fire protection,...(N.J.S.A. 40:8A-5).

To establish a consolidated police department, municipal ordinances in both the Borough of Ship Bottom and the other boroughs must be modified to include the line of authority between the municipal governing bodies and the consolidated department. Each municipality must pass a resolution rescinding its existing municipal ordinance relating to police powers and the appropriate authority. This precedes the establishment of an appropriate authority for the consolidated police department, pursuant to N.J.S.A. 40A:14-118. The function of the appropriate authority is to promulgate rules and regulations for governing the police department and develop budgetary appropriations.

The Interlocal Services Act sets out what a municipality must do in order to enter into a contract, how a contract must be approved, and what a contract must minimally contain. The Act mandates that the contract specify the duration of the contract, which shall be for seven years, unless otherwise agreed upon by the parties (N.J.S.A. 40:A-6(a) (4)). As with any contract, the contract itself can set out the method of termination the contract.

The Consolidated Municipal Service Act is a second legislative authorization for consolidation of police services. The Consolidated Municipal Service Act (N.J.S.A. 40:48B-1 et. seq.) permits municipal governing bodies, by ordinance, to authorize the making of a joint contract to provide for the formation of a joint meeting. A joint meeting may be formed for the joint operation of any public service which the municipality is empowered to provide. The joint meeting is a public body corporate and politic, a political subdivision of the state, exercising public and essential governmental functions to provide for the public health and welfare. The statute grants the joint meeting the power and authority “[t]o do and perform any and all acts, or things necessary, convenient or desirable for the purposes of the joint meeting or to carry out any powers expressly given in [the] act” (N.J.S.A. 40:48b-2.1(d)). The statute specifies that the term of the contract may not exceed 40 years. The contract must address several different areas, including “the terms and conditions of...discontinuance of participation in the joint meeting...” (N.J.S.A. 40:48B-4)

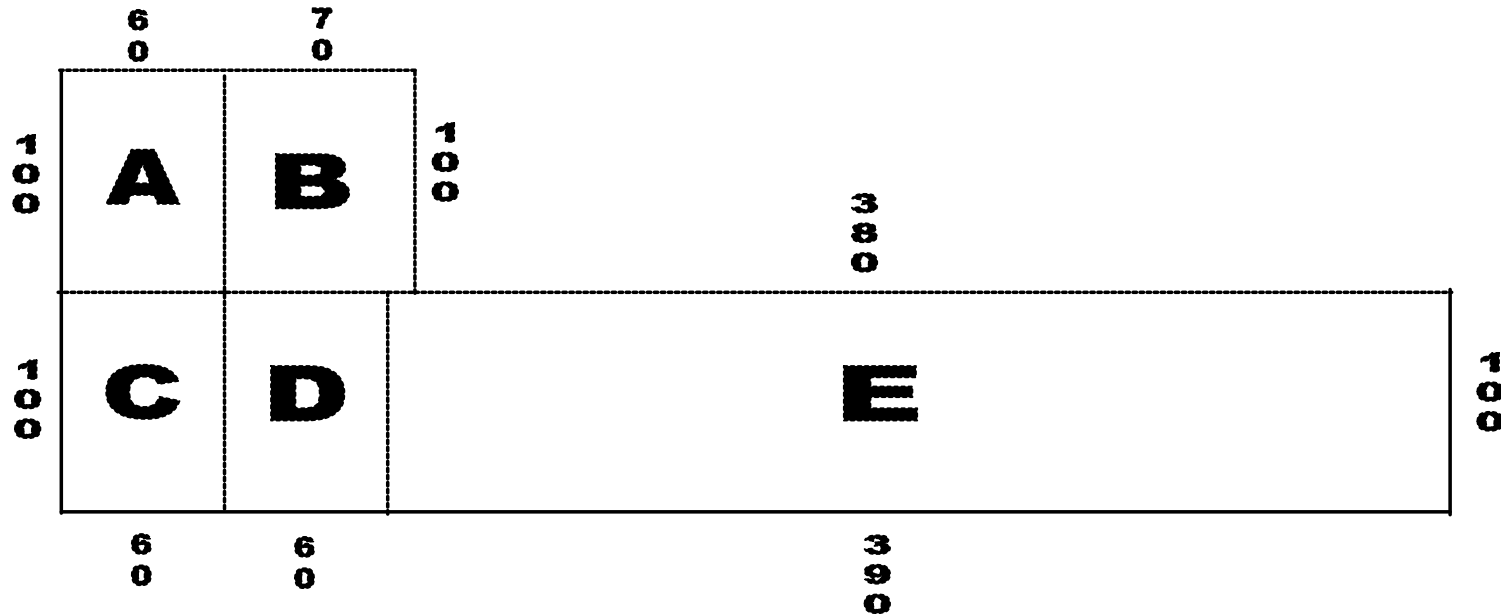
Appendix 6 Continued

The legislature demonstrates further support for the concept of consolidated police departments in the Regional Efficiency Development Incentive Act, N.J.S.A. 40:8B-14 et. seq. This legislation makes funds available to municipalities in order to “promote consolidation of existing service systems to achieve efficiency and economy” and to “promote municipal consolidation pursuant to the Municipal Consolidation Act.” (N.J.S.A. 40:8B-3c and d) One of the enumerated areas of government service for which application for funds may be made is “consolidation of municipal police forces or departments.” (N.J.S.A. 40:8B-5j) These enactments are clear evidence of the legislature’s authorization to municipalities to consolidate police departments and its policy to promote such consolidation, where it can improve the quality or the efficiency of delivery or services.

In summary, there appears to be no legal impediment to consolidation of police services. Although there are numerous issues to be addressed in any consolidation, they would be subject to negotiation by the municipalities involved, in conjunction with the Department of Personnel, where appropriate.

Appendix 7
Ship Bottom Public Works Property 1999

Public Works Property



- A = Building lot 60 x 100
- B = Building lot 70 x 100
- C = Building lot 60 x 102
- D = Building lot 60 x 104
- E = Retained by the Dept. of Public Works

SHIP BOTTOM VEHICLE MAINTENANCE COSTS BY DEPARTMENT 1999

Water and Sewer					
Year	Sub Contracted	Parts	Labor	Total	Vehicle Avg.
1997	\$2229.80	\$3,040.38	\$11,816.80	\$17,086.41	\$949.28
1998	\$1328.92	\$1,459.88	\$7,921.61	\$10,710.41	\$595.02
1999	\$960.30	\$1,662.57	\$10,474.16	\$13,097.03	\$727.61

Public Works					
Year	Sub Contracted	Parts	Labor	Total	Vehicle Avg.
1997	\$471.93	\$7,597.67	\$29,529.26	\$37,598.86	\$2,088.83
1998	\$2,112.18	\$4,398.29	\$23,866.02	\$30,376.49	\$1,687.58
1999	\$972.71	\$3,976.37	\$25,051.06	\$30,000.14	\$1,667.67

Police					
Year	Sub Contracted	Parts	Labor	Total	Vehicle Avg.
1997	\$1,300.90	\$2,895.39	\$11,253.28	\$15,449.57	\$2,207.08
1998	\$1,871.42	\$3,685.66	\$19,999.15	\$25,556.23	\$3,650.89
1999	\$1,708.82	\$3,209.12	\$20,217.40	\$25,135.34	\$3,590.76

Code Enforcement					
Year	Sub Contracted	Parts	Labor	Total	Vehicle Avg.
1997	\$182.00	\$202.73	\$787.93	\$1,172.66	\$586.33
1998	\$0.00	\$430.08	\$2,333.70	\$2,763.78	\$1,381.89
1999	\$224.42	\$410.11	\$2,583.69	\$3,218.22	\$1,609.11

Beach Operations					
Year	Sub Contracted	Parts	Labor	Total	Vehicle Avg.
1997	\$1,566.73	\$200.51	\$779.31	\$2,546.55	\$282.95
1998	\$893.25	\$925.88	\$5,024.02	\$6,843.15	\$760.35
1999	\$1,105.60	\$1,108.28	\$6,982.21	\$9,196.10	\$1,021.79

Emergency Management					
Year	Sub Contracted	Parts	Labor	Total	Vehicle Avg.
1997	\$0.00	\$20.00	\$77.73	\$97.73	\$48.87
1998	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
1999	\$0.00	\$723.69	\$4,559.23	\$5,282.92	\$2,641.46

All Others				
Year	Sub Contracted	Parts	Labor	Total
1997	\$182.00	\$143.00	\$555.79	\$880.79
1998	\$0.00	\$49.84	\$270.44	\$320.28
1999	\$0.00	\$32.41	\$204.19	\$236.60

Appendix 9
Ship Bottom Vehicle List
1999

Department			
<u>Public Works</u>		<u>Administration</u>	
1998 Ford F-350 Pick Up		1992 Chevrolet Caprice	
1984 Ford Dump Truck			
1988 Ford Dump Truck		<u>Code Enforcement</u>	
1975 Ford F-600 Dump Truck		1985 Ford Pick Up	
1997 Ford F-800 Dump Truck		1997 Yamaha Quad	
1997 Dodge BR-3500 Dump Truck			
1986 Ford F-350 Flatbed		<u>Emergency Management</u>	
1990 Ford F-350		1971 AMC 2 1/2 Ton Truck	
1988 Chevrolet Caprice		1977 Dodge Ambulance	
1985 Ford Tractor			
1978 Fiat Front End Loader		<u>Beach Operations</u>	
1997 Ford Tractor W/Beach Rake		1990 Lifeguard Boat	
1965 Allis Chalmers Tracked Bulldozer		1993 Hankins Rescue Boat	
1973 Low Boy Trailer		1993 Boat Trailer	
1975 Little Trailer		1989 Boat Trailer	
1985 10 Ton Ingram Roller		1988 Chevrolet S-10 Blazer	
Small Roller		1989 Dodge Dakota Pick Up	
T450 Asphalt Spreader		1996 Kawasaki Quad	
1980 Dodge Power Wagon		1996 Kawasaki Quad	
<u>Police</u>		1998 Yamaha Quad	
1987 Honda Accord		1998 Yamaha Quad	
1989 Chevrolet Caprice			
1992 Chevrolet Caprice		<u>Water & Sewer Utility</u>	
1994 Chevrolet Caprice		1973 Myers Sewer Cleaner	
1996 Ford Crown Victoria		1977 Ford Dump Truck	
1996 Ford Crown Victoria		1986 John Deere Front End Loader	
1997 Chevrolet Suburban		1996 Case 580SK Front End Loader	
		1992 Ford Pick Up	
		1992 Ford Pick Up	

Appendix 10

Vehicle Mileage Limits

Fleet Replacement Policy		Replaced at Miles Indicated			
Name	# Cars	# Trucks/Vans	Cars	Trucks	Vans
Simplex Time Recorder	1,366	1,691	70,000	95,000	85,000
Lorillard Tobacco	300	1,100	50,000	65,000	65,000
Xerox	500	10,000	70,000	70,000	70,000
Cox Enterprises	700	9,300	75,000	75,000	75,000
Metlife Insurance	800	200	60,000	60,000	60,000
Glaxo Wellcome	1,888	2,809	60,000	80,000	80,000
Allied Signal	700	500	60,000	60,000	60,000
AT&T Broadband	1,100	20,700	80,000	80,000	80,000
University of California	133	567	100,000	85,000	
Van Waters & Rodgers	409	91	65,000	65,000	65,000
Circuit City Stores	175	1,625	75,000	100,000	100,000
Las Vegas Valley Water District	16	314	100,000	100,000	100,000
Cigna Corp.	738	62	55,000	70,000	70,000
King County Dept. of Transportation, WA	1,660	1,400	80,000	100,000	100,000
AT&T WV	169	1,853	60,000	60,000	60,000
State of Michigan	5,500	5,500	75,000	85,000	
Johnson & Johnson	4,922	243	75,000	75,000	75,000
Aventis Pharma	1,100	1,400	60,000	60,000	60,000
Sprint Long Distance, KS	120	1,380	85,000	120,000	120,000
Airborne Express, NJ		720		150,000	
Total Vehicles	22,296	61,455			
Average Vehicles	1,173	3,073			
Average Miles at Replacement			71,316	82,750	77,941

This information is found in Automotive Fleet Magazine March, 2000 issue. This is a car and truck fleet management publication. The fleets polled are managed by the 21 nominees for the Professional Fleet Manager of the Year Award.

Total Disposal Tonnage and Cost by Year 1997-1999

[illegible]

Appendix 12
Ship Bottom Recycling Tonnage 1998-1999

Material	1st Quarter Tons	2nd Quarter Tons	3rd Quarter Tons	4th Quarter Tons	<u>1998</u> <u>Annual Tons</u>	1st Quarter Tons	2nd Quarter Tons	3rd Quarter Tons	4th Quarter Tons	<u>1999</u> <u>Annual Tons</u>
Comingled	22.85	45.56	125.46	25.86	219.73	27.96	52.84	158.96	68.1	307.86
Newsprint	17.73	31.34	52.89	29	130.96	19.64	32.28	53.27	32.35	137.54
Cardboard	47.18	80.83	117.25	47.01	292.27	23.58	44.92	59.34	35.78	163.62
Leaves	0.72	1.46	0.04	1.69	3.91	2.2	0.42			2.62
Paper	3.34	1.1	1.66	1.98	8.08	3.06	1.11	2.2	7.58	13.95
Motor Oil			0.032		0.032					
White Goods	4.2	3			7.2					
Tires					0			0.72		0.72
Brush	21.25	23.53	21.8	22.48	89.06	18.67	26.61	24.94	18.21	88.43
Concrete					0				66.58	66.58
Asphalt	49.93	17	28.19	33.41	128.53		138.08	18.04	37.82	193.94
Ferrous	5.2	5.57	1.83	15.03	27.63	14.56	14.17	11.46	9.14	49.33
Non Ferrous	0.01	0.29	5.37		5.67	12.3	1.23			13.53
Phone Books				1.78						
Asbestos	12				12					
Totals	184.41	209.68	354.522	178.24	<u>926.852</u>	121.97	311.66	328.93	275.56	<u>1,038.12</u>

RESIDENTIAL AND COMMERCIAL WATER AND SEWER RATES

Water

Residential

Single dwelling unit, \$125 per year billed annually, due semi-annually.

Single dwelling unit with a pool is charged \$145 annually, due semi-annually.

Single dwelling unit with an Efficiency Apartment is charged \$125 per year plus \$125 for each. Efficiency Apartment.

Schools

\$300 per year, billed annually, payable semi-annually.

School garage \$200 per year billed annually, payable semi-annually.

Commercial

\$31.25 quarterly up to 15,000 gallons of water consumed, billed quarterly, plus \$1.15 per thousand gallons of water consumed over 15,000 gallons per quarter.

*Sprinkler System**

\$200 per year billed annually, payable semi-annually.

*School Sprinkler System**

\$300 per year billed annually, payable semi-annually.

*None of these are being billed.

Sewer

Residential

Single dwelling unit, \$255 per year billed annually, payable semi-annually.

Single dwelling unit with garbage disposal is surcharged an additional \$55 per year.

Single dwelling unit with an efficiency apartment is surcharged \$85 per year per efficiency apartment.

School

\$600 per year billed annually, billed annually, payable semi-annually.

School garage \$255 per year billed annually, payable semi-annually.

Commercial

\$63.75 quarterly up to 15,000 gallons of water consumed, billed quarterly, plus \$1.15 per thousand gallons of water consumed over 15,000 gallons per quarter.

Installation fees of \$500 per water line or sewer lateral hook-up.

Ship Bottom Beach Patrol

